Security Code：9924

台灣福興工業股份有限公司

TAIWAN FU HSING INDUSTRIAL CO., LTD.

2023

ANNUAL REPORT

Printed Date: March 30th, 2024
TWSE M.O.P.S. Website: http://mops.twse.com.tw
Taiwan Fu Hsing Website: http://www.fuhsing.com.tw

1. Taiwan Fu Hsing Spokesperson and Acting Spokesperson

   Spokesperson:

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   Title: Chief Finance Officer

   Contact Number: +886 7 6225151 ext. 450

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   Acting Spokesperson:

   Name: Tsai, Yen-Fen

   Title: Manager of the President Office

   Contact Number: +886 7 6225151 ext. 121

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2. Company and factory address and phone number

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   Telephone No.: +886 7 6225151

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   Telephone No.: +886 2 22787810

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   Telephone No.: +886 4 22859965

3. Agent for stock affairs:

   Name: Capital Securities Corporation Stock Affairs Agency Services Dept.

   Address: B2, No.97, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City, Taiwan R.O.C.

   Website: www.capital.com.tw

   Telephone No.: +886 2 27023999

4. Certifying CPA of the current year

   Name of Certifying Accountants: Wang,Chun-Kai and Wu, Chien-Chih

   Name of Accounting Firm: PwC Taiwan

   Address: 22/F, No.95, Minzu 2nd Rd., Sinsing Dist., Kaohsiung City, Taiwan R.O.C.

   Website: www.pwc.com.tw

   Telephone No.: +886 7 2373116

5. Listed overseas securities for trading: None

6. Company Website: www.fuhsing.com.tw

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I. Letter to Shareholders

To the Shareholders of Fu Hsing Industrial Co., Ltd.:

First of all, thank you for your continued support of Taiwan Fu Hsing. In 2023, the operation of global businesses suffered from post-epidemic inventory adjustments that are generally seen all over the world and the impact of high interest rate policies on market consumption dynamic. Neverthless, all employees of the Company at home and abroad worked together and worked cautiously to deal with various problems. Through close communication and cooperation with customers and suppliers, we overcame various challenges one by one and finally delivered gratifying report cards. Taiwan Fu Hsing's operating results and dividend distribution continue to achieve good results.

The Company's 2023 operation results are stated as the following:

(1) **Review the implementation of Business Plan**

The consolidated operating sales in 2023 was NT$9,073,439 thousand, decrease by approximately 4.8% comparing to last year; however, the gross margin increased by about 3%, thanks to the depreciation of NTD and RMB, weakened metal price, as well as appropriate production cost control, etc.… The net profit attributable to the parent company for the current period in 2023 was NT$947,274 thousand, which increased by approximately 4% comparing to previous year. .

Unit: NT$1,000

Item	Amount in 2023	Amount in 2022	Increase/Decrease in Amount
Sales revenue	$9,073,439	$9,530,920	-457,481
Operating cost	2,064,872	1,848,077	216,795
Operating profit	1,146,812	904,292	242,520
Non-Operation Revenue & Expenditures	129,899	300,921	-171,022
Net income before tax	1,276,711	1,205,213	71,498
Net income after tax	947,274	909,759	37,515

(2) **Review of Budget Implementation**

Taiwan Fu Hsing did not disclose financial forecast for the year of 2023. However, the actual sales revenue and profit both reached internal budgeted goals.

(3) **Analysis of Receipt, Expenditure, and Profitability**

Item	2023	2022

Financial structure	Debt to Total Asset (%)	26.96	27.18
	Long Fund to Fixed Assets, Plants, and Facilities (%)	263.90	242.45
Business solvency	Current Ratio (%)	288.62	289.16
	Quick Ratio (%)	242.16	219.51
Profitability	Return on Assets (%)	10.12	10.15
	Return on Equity (%)	13.78	14.19
	NIBT to Paid In Capital (%)	67.75	63.95
	Net Profit Ratio (%)	10.44	9.55
	Earnings Per Share (NT$1)	$5.03	$4.83

(4) **Research & Development Works**

Manufacturing technologies and R&D abilities have been our core competition strength. The R&D trends of door lock related products include the following aspects.

1. The E-Trend

More and more door locks begin to adopt electronic designs. Products, including digital password locks, biometric locks, internet connected smart locks, etc., due to its high level of security and convenience, are becoming increasingly popular among consumers. The Company has successively developed a variety of fingerprint locks and Internet-connected smart locks and will invest more resources in research and development in the future to meet the needs of consumers.

2. The trend of Diversification

More and more consumers like to highlight their own style when shopping, and they also have more diverse demands for the color, appearance, material, and other aspects of door locks. The Company is committed to providing more diverse choices in door lock design in order to meet the preferences of different consumers.

3. The trend of Environmental Protection

The public's concern for environmental protection has gone deep into all aspects of life; both in door locks products themselves and the packaging used, including the use of environmentally friendly materials in the door lock products themselves and packaging materials. Therefore, in product design and material selection, Taiwan Fu Hsing has begun to use environmentally friendly materials, environmentally friendly packaging and green production in order to respond to the trend of environmental protection.

4. The Smart trend

Equipping door locks with smart devices has become a trend, and consumers are also looking forward to the integration of smart home platforms so that various smart devices can interact with

each other on the same platform to achieve more automated home control. In view of this, Taiwan Fu Hsing has developed a mobile APP to manage access control through mobile phones, making consumers' lives more convenient, safer and more secure.

When the development of science and technology and the need of consumer demands keep improving, the trends of door lock's development tend to lean more on directions of electronics, diversification, environmental protection, intelligence, and others. In view of this, the Company develops a variety of mechanical locks that meet market demand, and also invests resources in the development of electronic locks to provide safer, more convenient, environmentally friendly, and smart door lock products to meet the needs of consumers.

To look into the year ahead, our main operation directions will focus on:

1. The construction of our new factory in Thailand

Based on the strategy of staying rooted in Taiwan and developing a global presence, the Company has decided to build a new factory in Thailand after comprehensively considering various factors such as human resources, regional stability, investment incentives, and supply chain integrity. The project is currently being carried out in sequence, such as contracting, construction, etc.…, as planned. It is expected that the construction works will be completed, and the trial production will begin in the first half of 2025. We expect that the new factory in Thailand will effectively increase the overall production capacity of the group in the future and provide customers with greater production volume and services.

2. Enhance industrial innovation and improve staff's technical capacity

With the advent of the AI era, the Company continues to think about the use of smart technology elements to effectively promote industrial innovation, and actively engages in industry-government-academia cooperation. In addition to cooperating with nearby colleges and universities, the Company has also applied for the investment credit project for smart machinery and information security products and services sponsored by the Ministry of Economic Affairs. We plan to entrust the Chinese Lean Management Association to guide staffs with TPS production practices. It is expected that through the introduction of new concepts from outside, production efficiency and staff's technical level can be effectively enhanced.

3. Optimize the positioning of the R&D organization and deep root the power of IP rights

Although the external environment is full of variables, we know that "innovation" is a key factor for enterprises to continue to stay ahead. The Company continues to conduct new product research and development by closely observing market trends, listening to customer needs, and recruiting outstanding R&D talents. We have also set up a new forward-looking technology room in the R&D center to effectively gather and collect high-end technology and R&D energy. A total of 78 patent applications were filed in production sites and major markets in 2023.

Looking forward to 2024, the international political and economic situation is still highly uncertain. The International Monetary Fund (IMF) anticipated the global economic growth in 2024 can reach 3.1%, and the directorate-General of Budget, Accounting and Statistics, the Executive Yuan, R.O.C. estimated that Taiwan's annual economic growth rate this year will be 3.35%, both showing a trend of recovery and growth comparing to the statistics given in the previous year. We are happy to see the overall economic environment returning to the track of growth, and we will also pay attention to the development of the door control hardware industry. The management team will continue to adhere to the sound and pragmatic operating principles and continue to work hard with a sincere, diligent, perseverance and simple attitude, hoping to continue to maintain a leading position in the industry. At the same time, as a global corporate citizen, we will also invest more resources in the field of environment, society and corporate governance (ESG) and strive to promote sustainable development. We will not only consider environmental factors in product design and production processes, but also focus on employee's well-being, community contributions, and corporate governance and transparency. We will continue to work hard to ensure that Taiwan Fu Hsing is able to play a positive role in all aspects and create long-term value for shareholders, employees, and the society.

Chairman:

Lin, Jui-Chang

II. Company Profile

(1) Date of Establishment

i. Registration Date of Establishment:
November 23rd, 1957

ii. Company and Factory Address and Phone Number:
Headquarter (Factory):
No.88, Yucai Rd., Benjhou Vil., Kangshan Dist., Kaohsiung City
Telephone No.: +886 7 6225151
Taipei Office:
Address: 7F-4, No.12, Ln. 609, Sec. 5, Chongxin Rd., Sanchong Dist., New Taipei City
Telephone No.: +886 2 22787810
Taichung Office:
No.310, Hezuo ST., South Dist., Taichung City
Telephone: +886 4 22859965

iii. Business Scope:

A. CA04010 Metal Surface Treating
B. CA02070 Lock Manufacturing
C. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
D. CD01030 Automobiles and Parts Manufacturing
E. CD01040 Motor Vehicles and Parts Manufacturing
F. F214030 Retail Sale of Motor Vehicle Parts and Supplies
G. CQ01010 Die Manufacturing
H. F206030 Retail Sale of Die
I. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
J. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
K. CA02080 Metal Forging Industry
L. CA01090 Aluminum Casting Manufacturing
M. CA01990 Other Non-Ferrous Metal Basics Industries
N. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Milestones

Time	Course of Change and Development

1957~1996	•Total capital was NT100,000 dollars at the time of establishment. The factory was established in Sanmin District, Kaohsiung City to produce bicycle parts for domestic market. The business reputation was good. •Due to the prosperous development of domestic motorcycle industry, the company's capital was increased to NT500,000 dollars and started to produce motorcycle parts for major domestic motorcycle manufacturers. The business had good fame island-wide. •Devoted to new products' research and development and added new equipment and facilities. Started to produce all different kinds of office swivel chairs and folding chairs. Fu Hsing injected a new blood to domestic chair products market and pushed domestic office chair industry to step into a new milestone. •With thriving business, the old factory required further expansion. Thus, for long term development, the whole factory was moved to Kangshan Township in Kaohsiung County. The plant site was expanded to have 16,529 square meters and company capital was increased to NT10,000,000 dollars. •For connecting the overall operation, the Financial Dept. and Operation Dept. were also moved to Kangshan Township. Fu Hsing's operation started to boom after consolidation of departments from different areas. •Fu Hsing Founder and also the Chairman, Lin, Huo-Mu, passed away. The Board of Directors resolved to elect Mr. Lin, Jui-Chang to be the successor. Chairman LIN devoted to product quality and management. With all's efforts, Fu Hsing product had good and stable quality and was accredited as A+ Quality Factory by the Ministry of Economic Affairs and evaluated as Taiwan Good Supplier by CNFI and Ministry of Economic Affairs. • With renowned good product quality, Fu Hsing was approved as one of the CNS certified factories by the Ministry of Economic Affairs. •For enhancing all employees' awareness in product quality and quality improvement, Fu Hsing started to advocate humane management and actively promoted the activity of QCC (Quality Control Circle), improvement proposal system, as well as introduced CWQC system to solidify the company's quality control system. •Invented electronic key-cards and obtained various domestic and overseas patents. •Was awarded the honor of "Good Company of the Top Ten Product Research and Development" by the Chinese National Federation of Industries. •Received the honor of the 1st Industrial Technology Advancement Award. •Fu Hsing Chairman was elected as the 15th Model of Young Entrepreneur. •Received the 2nd SMEA award. •Taiwan Fu Hsing products were awarded the mark of Taiwan Excellence. • On March 15th, 1995, Fu Hsing went public. Door Closer Group was established.
1997~2006	•Obtained ISO-9001 certification from the Bureau of Merchandise Inspection. •Received the 7th Industrial Technology Development Award from the Ministry of Economic Affairs. •China's re-invested company Ji Jing Institution (Shanghai) Co., Ltd. was re-named to Fu Hsing Industrial (Shanghai) Co., Ltd.. •Consolidated 100% owned subsidiary Formflex Enterprise Co., Ltd. •Invested in Ziyong Hardware Products (Taichang) Co., Ltd. in China. •Formed strategic alliance with Ingersoll Rand Group from the United States in 2005. • ERP system was officially launched to achieve a more efficient integration on corporate resources and information system.
2007~2011	• Invested in China and set up ChangShu Fortune Packing Material Co., Ltd. with total investment amount of US$ 204,000 dollars. •ERP system was fully launched in Fu Hsing's Changhua Factory, as well as in Formflex Metal Industrial (Changshu) Co., Ltd. and Ziyong Hardware Products (Taichang) Co., Ltd. in China to further enhance the overall work efficiency and the integration of corporate resources and information system. • Acquired ARCTEK Industrial Co., Ltd. to strengthen the industry's horizontal integration, increase the market share of door closer type products such as door hinge and floor hinge, and enhance the company's competitiveness. • Acquired 70% of Rui Sheng Industrial Co., Ltd. through ARCTEK Industrial Co., Ltd.

	• Obtained the AEO certification from the Customs Administration, Ministry of Finance R.O.C. and became one of the good AEO safety certified companies.
2012	•Consolidated a 100% own subsidiary, Tai Master Enterprise Co., Ltd. •Fu Hsing's Changhua branch that was responsible for the production and sale of door closer type products was split from the Company and became Fu Hsing's subsidiary, Fortress Industrial Co., Ltd. on January 1st, 2013. •Established Arctek (Shanghai) International Trading Co., Ltd. •Invested USD5,000,000 in Formflex Metal Industrial (Changshu) Co., Ltd. in China to increase the capital. •Officially launched the operation of Remuneration Committee in first quarter.
2013	•The door lock production base, Fu Hsing Industrial (Shanghai) Co., Ltd., in Shanghai stopped operation in the end of January due to land expropriation relating to Shanghai government's municipal construction planning. Its related door lock capacity was transferred to Fu Hsing's Changshou plant and continued to provide customers with superior products and services. •Established the "Guidance for Ethical Operation Procedures and Behaviors" as a code of conduct for employee's external behaviors. •In order to cooperate with the door plate re-organization and consolidation project requested by the Household Registration Office, address of Fu Hsing's headquarter changed from "No.55-10, Benjhou Rd." to "No.88, Yucai Rd." on August 9th.
2014	• Merged Hundure Technology Co., Ltd. and entered into access security industry. • Edited and published Fu Hsing's first "CSR Corporate Sustainable Development Report" (edited in accordance with GRI G4 index). • Subsidiary Arctek (Shanghai) International Trading Co., Ltd. was appraised as "one of the top ten access security hardware companies in China" by China Hardware Technological Innovation Strategy Union in the year of 2013. • Subsidiary, Fortress Industrial Co. ,Ltd. established Fortress Door Control Product (Changshu) Co., Ltd. to set up a production base in China. • Established Techform Industrial Co., Ltd. to vertically integrate Fu Hsing Group's production.
2015	• The "2014 CSR Report" was certified by the SGS. • Received the honor of "Good Fortune Enterprise Label Award" • A warehousing facility measuring 50,000 sqft was acquired in Georgia State, United States for further cultivating North America market and providing better services to customers.
2016	• Subsidiary, ARCTEK Industrial Co., Ltd., acquired land and factory in Changhua County Beidou Industrial Zone for future use in order to meet with the group's goal in continuous operation. • Rewarded the "Healthy Workplace Badge for Heath Promotion" by the Health Promotion Administration", Ministry of Health and Welfare • Rewarded as "2016 Sport Corporation" from the Sports Administration, Ministry of Education.
2017	• Received the "Corporate culture award" in the 13th "Art & Business Awards" held by the Ministry of Culture • Lock product received the honor in the 26th Taiwan Excellence Award • Started the factory construction of subsidiary, Techform Industrial Co., Ltd.
2018	• Lab accredited by U.S. Intertek (ITS) Satellite's Level 3 Test Data Acceptance Program • Techform Industrial Co., Ltd.'s new factory was completed construction and obtained operation license • Obtained nearby lands and buildings for a total area measured 450 ping (1488 m^2)
2019	• Being awarded "2019 Taiwan iSports Certification" • Being awarded "Vitality Award" of the 2019 Outstanding Health Workplace • Received the 14th Arts and Business Awards in the areas of "Standard Award - Bronze" and "Better Business Award" • Being interviewed in the special column "Sport is Fashionable" of the Global Views Monthly • Set up Sunion Technology Co., Ltd.

2020	• Being praised by the Sports Administration for "hiring sports instructors" and had a special column interview with the Business Today magazine • AEO Certification as a qualified Authorized Economic Operator • Kaohsiung City's Happy Corporate Golden Reward in the types of "Gender Equity" and "Welfare" • Copper Award in 2020 PwC's CSR Influential Award (the Better Up Migrant Worker project) • 1st time to be assessed to be within the top 6%-20% enterprises in the 6th Corporate Governance Evaluation
2021	• Received the bronze award of the Sustainable Action Award in the criteria of the "SDG10 Reduced Inequities" in the 1st Taiwan Sustainability Action Award. • Received the 2021 Social Education Contribution Award from the Education Bureau, Kaohsiung City Government • Received the silver award in the type of Standing Award and the "Corporate Contribution Award" in the type of Special Award in the 15th Taiwan Art and Business Awards held by the Ministry of Culture • The corporate governance practice was rated top 6%-20% of the Corporate Governance Evaluation System in the 7th CG review by the Taiwan Stock Exchange; the rating was ranked top 5% among enterprises with market value in-between 5 billion to 10 billion dollars.
2022	• The corporate governance practice was rated top 6%-20% among all TWSE listed companies in the 2022 CG review, and was ranked top 5% among enterprises with market value in-between 5 billion to 10 billion dollars. • Obtained the Special Award of the 6th PwC's Sustainability Impact Award. • Received the Silver Medal in the group of Local Enterprise in the 1st Diversity for Better Tomorrow Award. • Received Taiwan iSport badge from Sports Administration. • Certified as Accredited Healthy Workplace by the Health Promotion Administration. • Published the 1st English version Sustainability Report. • Acquired a factory in Pingtung Technology Industrial Park of the Export Processing Zone Administration Pingtung region, and at the same time set up a branch there for operation.
2023	• Land purchased to construct and set up subsidiary, Fu Sing Industrial (Thailand) Co., Ltd., in Thailand for meeting the operational needs. • Received the SDG 11 Silver Medal in the 3rd TCSA Taiwan Corporate Sustainability Award. • Received the Silver Award at the 2023 7th TAIPEI GOLDEN EAGLE MICRO MOVIE AWARD. • Received the "Corporate Culture Award" in the 16th Art and Business Awards held by the Ministry of Culture. • Recognized as a benchmark corporate in the OHS SDGs Recognition.

III. Corporate Governance Report

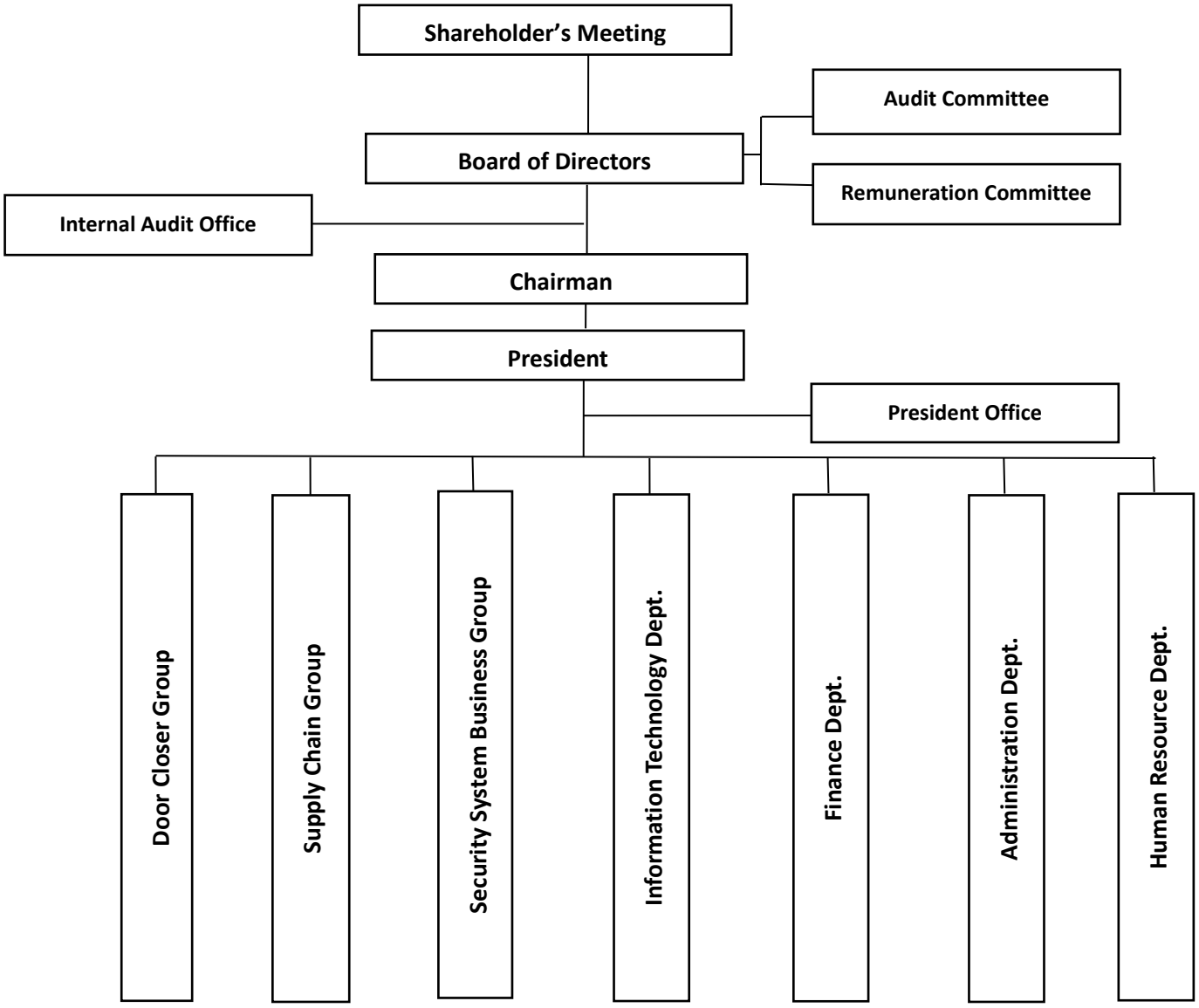
(1) Organization System

1. Organization Chart

Data drawn: Mar. 30, 2024

Taiwan Fu Hsing Industrial Co., Ltd.

Organization Chart



2. Business scope of major business units

Department	Top Executive Officer	Business Scope
Internal Audit Office	Vice Directing Management Officer	To plan and execute the Company's audit system.
President Office	President	To plan and analyze the Company's operation strategy and analysis, management system, labor safety and health, legal affairs, investment, capital management, and stock affairs.
IT Department	Manager	Responsible for developing and maintaining the information system in the group, as well as the development and installation of information security management system.
Finance Dept.	Manager	Responsible for accounting and taxation management
Administration Dept.	Director	Responsible for facility maintenance, building safety, general affairs administration and employee health promotion.
HR Dept.	Deputy Manager	Responsible for recruitment, educational training, employee performance management, salary management, attendance management and employee relations.
Security System Business Group	Group President	Responsible for IP rights, as well as the research, development, manufacturing, marketing, and after-sale services of door lock type products and access control systems.
Supply Chain Group	Group President	Responsible for the research, development, manufacturing, marketing and after-sale services of home hardware, auto parts, motorcycle parts, and parts for 3C products.
Door Closer Group	Group President	Responsible for the research, development, manufacturing, marketing, and after-sale services of door closer, door hinge, floor hinge, panic exit devices, and other related products.

(2) Information on the company's directors, president, vice president, Director, and the superintendents of all the company's divisions and branch unit

1. Information on directors (1)

Data drawn on Mar. 30th, 2024

Title	Nationality or Place of Registration	Name	Gender Age	Post Beginning Date	Term of Office	Date of First Elected	Shareholding of Date Elected		Current Shareholding		Current Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Other Post in the Company and other company concurrently	Manager who is a spouse or a relative within 2nd degree relative		
							Shares Held	Stake	Shares Held	Stake	Shares Held	Stake	Shares Held	Stake			Title	Name	Relation
Chairman	Taiwan R.O.C.	Lin, Jui-Chang	Male 61-70 years old	May 26, 2023	3 Years	5/31/1990	1,624,978	0.86%	1,624,978	0.86%	597,576	0.32%	-	-	Soochow University - Accounting	Note 2	Vice President Director Director	Chang, Jui-Pi Lin, Wen-Hsing Lin, Tzu-Hsuan	Spouse Brother Son
Director	Taiwan R.O.C.	Chen, Chien-Kun	Male 61-70 years old	May 26, 2023	3 Years	2/24/1993	675,132	0.36%	675,132	0.36%	6,940	-	-	-	Soochow University - Accounting	Note 3	-	-	-
Director	Taiwan, R.O.C.	Hong Cheng Investment Co., Ltd.	-	May 26, 2023	3 Years	6/19/2017	5,721,451 (Note1)	3.04%	5,721,451 (Note 1)	3.04%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Taiwan R.O.C.	Representative: Lin, Tzu-Hsuan	Male 41-50 years old	May 26, 2023	3 Years	6/19/2017	775,191	0.41%	775,191	0.41%	-	-	-	-	University of Technology Sydney-MBA	Note 4	Chairman Vice President Chief of Culture	Lin, Jui-Chang Chang, Jui-Pi Lin, I-Cheng	Father Mother Spouse

Director	Taiwan, R.O.C.	Fu Zhi Investment Co., Ltd.	-	May 26, 2023	3 Years	5/22/1996	10,091,307 (Note 1)	5.35%	10,091,307 (Note 1)	5.35%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Taiwan R.O.C.	Representative: Chu, Jung-He	Male 61-70 years old	May 26, 2023	3 Years	5/22/1996	95,244	0.05%	95,244	0.05%	-	-	-	-	National Sun Yat-Sen University - EMBA	Note 5	-	-	-
Director	Taiwan, R.O.C.	Fu Zhi Investment Development Co., Ltd.:	-	May 26, 2023	3 Years	6/15/2011	10,091,307 (Note 1)	5.35%	10,091,307 (Note 1)	5.35%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	U.S.A.	Representative: Michael A.Hoer	Male 61-70 years old	May 26, 2023	3 Years	6/15/2011	0	0%	0	0%	-	-	-	-	Brigham Young University - MBA	Note 6	-	-	-
Director	Taiwan, R.O.C.	Fu Yuan Investment Co., Ltd.	-	May 26, 2023	3 Years	4/16/1999	2,697,185 (Note1)	1.43%	2,697,185 (Note 1)	1.43%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Taiwan, R.O.C.	Representative: Lin, Wen-Hsing	Male 61-70 years old	May 26, 2023	3 Years	4/16/1999	22,134	0.01%	22,134	0.01%	90,045	0.05%	-	-	Cheng Hsiu University - Engineering	Note 7	Chairman	Lin, Jui-Chang	Brother
Director	Taiwan, R.O.C.	Fu Yuan Investment Co., Ltd.	-	May 26, 2023	3 Years	5/31/2005	2,697,185 (Note 1)	1.43%	2,697,185 (Note 1)	1.43%	N/A-	N/A-	N/A-	N/A-	N/A-	N/A-	N/A-	N/A-	N/A-

	Taiwan, R.O.C.	Representative: Liu, Ju-Shan	Male 51-60 years old	May 26, 2023	3 Years	5/31/2005	0	0%	0	0%	-	-	-	-	National Taiwan University of Science and Technology Graduate Program – Industrial Management	Note 8	-	-	-
Independent Director	Taiwan R.O.C.	Chang, Ling-Ling	Female 61-70 years old	May 26, 2023	3 Years	6/19/2017	0	0%	0	0%	-	-	-	-	Soo-Chow University / Accounting	Note 9	-	-	-
Independent Director	Taiwan R.O.C.	Chen, Yung-Chun	Male 61-70 years old	May 26, 2023	3 Years	6/19/2017	0	0%	0	0%	-	-	-	-	Soo-Chow University /Accounting	Note 10	-	-	-
Independent Director	Taiwan R.O.C.	Chuo, Yung-Fu	Male 51-60 years old	May 26, 2023	3 Years	5/28/2020	0	0%	0	0%	-	-	-	-	Murdoch University in Australia/MBA	Note 11	-	-	-

Note 1: Number of shares held by corporate shareholders.

Note 2: Is concurrently the Chairman of the Company, a director in Fine Blanking & Tool Co., Ltd., a director in Launch Technologies Co., Ltd., a director in Taiflex Scientific Co., Ltd., and a director in Advanced International Multitech Co., Ltd.

Note 3: Is concurrently the President of the Company.

Note 4: Is concurrently the Vice President of a business group in the Company.

Note 5: Is concurrently the Group President of a business group in the Company.

Note 6: Is concurrently a director in Medifast, Inc.

Note 7: Is concurrently a director in Ziyong Hardware Products (Taichang) Co., Ltd., and a director in Formflex Metal Industrial (Changshu) Co, Ltd.

Note 8: Is currently the CEO of Nanfeng Sustainable Venture Capital Co., Ltd., the Chairman of the Hongwei Venture Capital Management and Consulting Co., Ltd., a director in Fortress Industrial Co., Ltd., an independent director in Fuzetec Technology Co., Ltd., and the CEO of the ESG Digital Mind Co., Ltd.

Note 9: Is concurrently an independent director and meanwhile a committee member in the Remuneration Committee and Audit Committee of Jong Shyn Shipbuilding Company, and a committee member in the Remuneration Committee of the Taiwan Fu Hsing Industrial Co., Ltd., and a member in the Company's Audit Committee.

Note 10: Is concurrently a committee member in the Remuneration Committee and a member of the Audit Committee in Taiwan Fu Hsing Industrial Co., Ltd.

Note 11: Is the lead architect in Chou YungFu Architect Office, the chairman of ALL MAY Development Co., Ltd., a member of the Remuneration Committee in Taiwan Fu Hsing Industrial Co., Ltd, and a member of the Audit Committee in Taiwan Fu Hsing Industrial Co., Ltd.

1. Information on directors (2)

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholder*	Note
Fu Yuan Investment Co., Ltd.	Fu Xun Investment Co., Ltd.	45.75%
	Hong Cheng Investment Co., Ltd.	16.77%
	Lian Guang Investment Co., Ltd.	13.66%
	Sheng You Investment Co., Ltd.	10.43%
Hong Cheng Investment Co., Ltd.	Lin Yin, Li-Wen	39.38%
	Lin, Chao-Hung	37.86%
	Lin, Shao-Chien	14.83%
Fu Zhi Investment Development Co., Ltd.	Fu Xun Investment Co., Ltd.	45.10%
	Hong Cheng Investment Co., Ltd.	16.77%
	Lian Guang Investment Co., Ltd.	13.66%

* For major shareholders, who are also legal persons, fill up the form below.

1. Information on directors (3)

Name of Corporate Shareholders	Major Shareholders of the Corporate Shareholder	Note
Fu Xun Investment Co., Ltd.	Chang, Jui-Pi	34.17%
	Lin, Tzu-Hsuan	33.61%
	Lin, Tzu-Yang	29.44%
Lian Guang Investment Co., Ltd.	Lin, Wen-Hsing	21.50%
	Hsu, Mei-Hui	20.00%
	Lin, Chih-Cheng	29.50%
	Lin, Chih-Yu	29.00%
Sheng You Investment Co., Ltd.	Lin, Miao-Chen	5.21%
	Lin, Teng-Tsai	59.13%
	Lin, Chih-Wei	13.91%
	Lin, Ping-Kuan	13.91%

1. Information on directors (4)

I. Disclosure of the qualification of Directors and the Independency of Independent Directors

Requirement / Name	Professional qualification and experiences	Independency Situation	Number of other public companies that the director serves concurrently as an independent director in such company
Lin, Jui-Chang	1. Chairman of the Company 2.Leadership experience in the Board 3.Is a board member in various public companies 4.Is a board member in associated companies 5.Has experiences in commerce, financial accounting, door security and control, production and manufacturing, management consulting, electronic technology, leadership and decision making, risk management and international marketing	1. The Director is the Chairman of the Company, and he also serves as a board member in various associated companies. His spouse, CHANG Jui-Pi, serves as a Vice President in the Company. The Chairman and, LIN Tzu-Hsuan, Vice President of a business group in the Company and is a director and supervisor in various associated companies, are father-son relationship, and also the Director himself has father-son relationship with the Company's employee. Lin, Wen-Hsing, the representative of the corporate director is a brother of the Chairman, and he concurrently serves as a board member in various associated companies. 2. The Director holds 1,624,978 shares of the Company's outstanding shares; his shareholding percentage in the Company is 0.86%. His spouse, Chang, Jui-Pi, holds 597,576 shares of the Company's outstanding shares, and her shareholding percentage in the Company is 0.32%. Lin Tzu-Hsuan holds 775,191 shares of the Company's outstanding shares, and his shareholding percentage in the Company is 0.41%. Lin, Wen-Hsing holds 22,134 shares of the Company's outstanding shares, and his shareholding percentage in the Company is 0.01%. 3.Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : Yes. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0 5. The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	0

Chen, Chien-Kun	1.President of Taiwan Fu Hsing Group2.A board member in associated companies 3.Has experiences in commerce, financial accounting, door security and control, production and manufacturing, management consulting, leadership and decision making, risk management and international marketing.	1.The Director is the President of Taiwan Fu Hsing Group, and he serves as a board member in various associated companies. He has a 1st degree affinity relationship with the Company's employee. 2.The Director himself holds 675,132 shares of the Company's outstanding share, and his shareholding percentage in the Company is 0.36%. His spouse holds 6,940 shares of the Company's outstanding share, and her shareholding percentage in the Company is 0%. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : Yes. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	0
Lin, Tzu-Hsuan / Representative of Hong Cheng Investment Co., Ltd.	1.Is the Vice President of the Company. 2.A board member in associated companies 3.Has experiences in commerce, door security and control, production and manufacturing, leadership and decision making, risk management, and international marketing	1.The Director himself is the Vice President of the Company. He also serves as a director in various associated companies. His spouse, Lin, I-Cheng, is the Chief of Culture in the Company. He is the son of the Chairman of the Company, Lin Jui-Chang (father-son relationship), and is the son of the Vice President of the Company, Chang Jui-Pi (mother-son relationship). He also has brotherly relationship with the Company's employee. 2.The Director himself holds 775,191 shares of the Company's outstanding share; his shareholding percentage in the Company is 0.41%. His spouse, Lin, I-Cheng, holds 0 shares of the Company. The Chairman, Lin, Jui-Chang, holds 1,624,978 shares of the Company's outstanding shares; his shareholding percentage in the Company is 0.86%. Vice President, Chang, Jui-Pi, holds 597,576 shares of the Company's outstanding shares; her shareholding percentage in the Company is 0.32%. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : Yes. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	0

Chu, Jung-He / Representative of Fu Zhi Investment Development Co., Ltd.	1.Is the President of the Company's business group 2.A board member in associated companies 3. Has experiences in commerce, door security and control, production and manufacturing, management consulting, electronic technology, leadership and decision making, risk management, and international marketing	1.The Director himself is the President of a business group in the Company, and he serves as a director in various associated companies. Neither his spouse nor any of the 2-degree or closer relatives serve as a director, supervisor, or employee of the Company or in its associated companies. 2.The Director himself holds 95,244 shares of the Company's outstanding shares; his shareholding percentage in the Company is 0.05. His spouse and 2nd-degreen or closer relatives holds 0 shares of the Company's outstanding shares. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : Yes. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	0
Michael A. Hoer / Representative of Fu Zhi Investment Development Co., Ltd.	1.Is a board member in Medifast, Inc. 2.Has experience in commerce, production and manufacturing, management consulting, electronic technology, leadership and decision making, risk management and international marketing	1.The Director serves as a director in the Company. Neither his spouse nor any of the 2-degree or closer relatives serve as a director, supervisor, or employee of the Company or in its associated companies. 2.The Director, his spouse, and 2nd-degree or closer relatives hold 0 shares of the Company's outstanding shares. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : No. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	0
Lin, Wen-Hsing / Representative of Fu Yuan Investment Co., Ltd.	1.Is a board member in associated companies 2.Has experiences in commerce, door security and control, production and manufacturing, management consulting leadership and decision making, risk management and international marketing	1.The Director himself serves as a director in the Company and in the Company's associated companies. He and an employee of the Company has father-son relationship. The Director himself and the Chairman of the Company are brothers. 2.The Director himself holds 22,134 shares of the Company's outstanding shares; his shareholding percentage in the Company is 0.01%. His spouse holds 90,045 shares of the Company's outstanding shares; her shareholding percentage in the Company is 0.05%. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : Yes. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	0

Liu, Ju-Shan / Representative of Fu Yuan Investment Co., Ltd.	1.Is a board member in associated companies 2.Is the CEO of Nanfeng Sustainable Venture Capital Co., Ltd., the Chairman of the Hongwei Venture Capital Management and Consulting Co., Ltd., a director in Fortress Industrial Co., Ltd., an independent director in Fuzetec Technology Co., Ltd., and the CEO of the ESG Digital Mind Co., Ltd. 3.Has experiences in commerce, management consulting, leadership and decision making, risk management, and international marketing	1. The Director himself serves as a director in the Company and in the Company's associated companies. Neither his spouse nor any of the 2-degree or closer relatives serve as a director, supervisor, or employee of the Company or in its associated companies. 2. The Director, his spouse, and 2nd-degree or closer relatives hold 0 shares of the Company's outstanding shares. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : Yes. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	1
Chang, Ling-Ling	1.Is a committee member of the Company's Remuneration Committee and the convener of the Audit Committee 2.Has CPA certificate, and is an accountant and the Director of Georgia CPAs Firm 3.Is a board member in various public companies 4.Expertise in the planning and establishment of investment projects for corporate, corporate and individual's taxation planning, the establishment and set up of accounting system for corporate 5.Has experiences in financial accounting, commerce, management consulting, electronic technology, leadership and decision making, and risk management	1. The Director himself serves as a director in the Company. Neither her spouse nor any of the 2-degree or closer relatives serve as a director, supervisor, or employee of the Company or in its associated companies. 2. The Director, the spouse, and 2nd-degree or closer relatives hold 0 shares of the Company's outstanding shares. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : No. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	1
Chen, Yung-Chun	1.Is a committee member of the Company's Remuneration Committee and Audit Committee 2.Was the Vice President in the Finance Dept. in Min Aik Technology Co., Ltd., the Vice President in the Finance Dept. in Kang Lian Co., Ltd., and the CFO of DIMERCO's associated company 3.Has experiences in financial accounting, commerce, production and manufacturing, management consulting, electronic technology, leadership and decision making, and risk management	1. The Director himself serves as a director in the Company. Neither his spouse nor any of the 2-degree or closer relatives serve as a director, supervisor, or employee of the Company or in its associated companies. 2. The Director, his spouse, and 2nd-degree or closer relatives hold 0 shares of the Company's outstanding shares. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : No. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	0

Chuo, Yung-Fu	1.Is a committee member in the Company's Remuneration Committee and Audit Committee 2.The lead architect of the ZHUO YUNG FU Architect Firm, and the Chairman of the All May Development Group 3.Has experiences in architectural design and land planning, commerce, production and manufacturing, management consulting, leadership and decision making, risk management, and vision on international market	1. The Director himself serves as a director in the Company. Neither his spouse nor any of the 2-degree or closer relatives serve as a director, supervisor, or employee of the Company or in its associated companies. 2. The Director, his spouse, and 2nd-degree or closer relatives hold 0 shares of the Company's outstanding shares. 3. Whether the Director serves as a director, supervisor, or employee in a company that has special relationship with the Company (please refer to the situation listed in Article 3, point 5-9, in Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)? : No. 4. Compensations obtained in the most recent two years in return for services in relation to business affairs, legal affairs, financial affairs, and accounting services provided to the Company or the Company's associated companies? : 0. 5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.	0

II. Diversification and Independency of the Board

A. Diversification of the Board

"The policy on the Board's diversification":

i. The composition of the board of directors should consider various needs such as the company's operating structure, business development direction, and future development trends, and evaluate various aspects of diversity, such as basic conditions and values (such as gender, age, nationality and culture, etc.), professional knowledge and skills, professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

ii. Incorporating diverse viewpoints and opinions into the discussion of board of directors will help improve the quality of decision-making and strengthen the protection of the rights and interests of the company's shareholders and other stakeholders.

iii. The board of directors and management shall value the inclusiveness and diversity of suggestions and viewpoints to be in conformity with the company's values of innovation, service, and quality.

"The Management Goal of Diversification"

i. The company pays attention to gender equality in the composition of the board of directors, and has set the target ratio of female directors to be more than one-third (i.e. 33%) of the total number of the directors. Currently, 90% of board members are male directors (9), and 10% are female directors (1). In the future, the Company will make efforts to increase the number of female directors in order to achieve the goal.

ii. The board of directors supports and encourages any measures that the Company has adopted to increase the ratio of female management; such

measures include education and training programs, mother-infant friendly environment, and childcare leave, etc..

B. Independency of the Board

i. In addition to the possession of necessary knowledge, skills and literacy to perform their duties, in order to achieve the ideal goal of corporate governance, the overall capabilities of the board of directors should include: 1. Operation and management capabilities 2. Leadership decision-making capabilities 3. Industry knowledge 4. Operational Judgment ability 5. Accounting and financial analysis ability 6. Vision on international market 7. Social care.

ii. The nomination and selection of members of the board of directors of the Company is executed in accordance with the provisions of the Company's Articles of Incorporation and with the references to the Board Diversity Policy, and fully evaluates the educational experience and qualifications of each candidate to ensure the diversity and independence of board members.

iii. Please refer to (3) Director’s Information in Corporate Governance Report for relevant information of each director's educational experience, gender, professional qualifications, work experience, etc.

iv. Disclosure on Board Diversification

Diversification Core Element / Name of Directors	Basic Element									Industry Experience				Professional Ability			
	Nationality	Gender	Whether is also the Company’s Employee	Age (years-old)			Seniority as an independent director (years)			Door Safety and Control	Production & Manufacturing	Management Consulting	Electronic Technology	Finance & Accounting	Leadership & Decision-Making	Risk Management	Vision on International Market
				41~50	51~60	61~70	Less than 3	3~9 years	More than 9								
Lin, Jui-Chang	R.O.C.	M	✓			✓				✓	✓	✓	✓	✓	✓	✓	✓
Chen, Chien-Kun	R.O.C.	M	✓			✓				✓	✓	✓		✓	✓	✓	✓
Lin, Tzu-Hsuan	R.O.C.	M	✓	✓						✓	✓				✓	✓	✓
Chu, Jung-He	R.O.C	M	✓			✓				✓	✓	✓	✓		✓	✓	✓

	.																
Michael A. Hoer	U.S.A.	M				✓					✓	✓		✓	✓	✓	✓
Lin, Wen-Hsing	R.O.C.	M				✓				✓	✓	✓			✓	✓	✓
Liu, Ju-shan	R.O.C.	M			✓							✓	✓		✓	✓	✓
Chang, Ling-Ling/Independent Director	R.O.C.	F				✓		✓			✓	✓	✓	✓	✓	✓	
Chen, Yung-Chun/Independent Director	R.O.C.	M				✓		✓			✓		✓	✓	✓	✓	
Chuo, Yung-Fu /Independent Director	R.O.C.	M			✓		✓				✓	✓			✓	✓	✓

2. Information on the President, Vice President, Director, and superintendents of all the Company's groups and branch units

Data Drawn on Mar. 30th, 2024

Title	Nationality	Name	Gender	Post Beginning Date (yyyy/mm/dd)	Shareholding		Shareholding of Spouse and Minors		Shareholding under Other's Name		Education & Experiences	Post in other company concurrently	Manager who is a spouse or a relative within two generations		
					Shares	Holding %	Shares	Holding %	Shares	Holding %			Title	Name	Relation
President	Taiwan R.O.C.	Chen, Chien-Kun	Male	1994/01/01	675,132	0.36%	6,940	0.003%	-	-	Soochow University - Accounting	Note	-	-	-
President of Business Group	Taiwan R.O.C	Chu, Jung-He	Male	2008/01/01	95,244	0.05%	-	-	-	-	National Sun Yat-Sen University – EMBA	Note	-	-	-
President of Business Group	Taiwan R.O.C	Lin, Teng-Tsai	Male	2008/01/01	200,129	0.11%	43,428	0.02%	-	-	National Hsin Hua Industrial Vocational High School – Mechanical Engineering	Note	-	-	-
Vice President	Taiwan R.O.C	Chang, Jui-Pi	Female	2010/05/01	597,576	0.32%	1,624,978	0.86%	-	-	Ming Chuan University – International Trade	None	Vice President	Lin, Tzu-Hsuan	Mother-Son
Vice President	Taiwan R.O.C	Wang, Han-Ting	Male	2010/05/01	29,002	0.02%	-	-	-	-	National Cheng Kung University – Mechanical Engineering	Note	-	-	-
Vice President	Taiwan R.O.C.	Lin, Tzu-Hsuan	Male	2014/04/01	775,191	0.41%	-	-	-	-	University of Technology Sydney / MBA	Note	Vice President	Chang, Jui-Pi	Mother-Son
Vice President	Taiwan R.O.C	Lin, Shih-Huang	Male	2023/01/01	40,000	0.02%	-	-	-	-	University of Michigan – Ann Arbor – Doctoral in Machinery	Note	-	-	-

Vice President	Taiwan R.O.C	Chu, Hung-Yang	Male	2023/01/01	23,354	0.01%	-	-	-	-	Fu Jen Catholic University – International Trade	None	-	-	-
Director	Taiwan R.O.C	Li, Chen-Hui	Male	2004/10/01	968	-	-	-	-	-	Tung Hai University - Politics	None	-	-	-
Director	Taiwan, R.O.C.	Lin, Wen-Yu	Male	01/01/2020	2,018	-	2,090	0.001%	-	-	National Central University – EMBA, Cross-Strait Management	None	-	-	-
Chief Finance Officer	Taiwan R.O.C.	Li, Kuo-Wei	Male	2015/02/01	2,000	0.001%	-	-	-	-	National Chengchi University - Accounting	Note	-	-	-
Plant Manager	Taiwan R.O.C.	Chung, Hsuan-Tung	Male	2004/10/01	9,000	0.004%	-	-	-	-	Aletheia University – Industrial Management	None	-	-	-
Chief of Culture	Taiwan, R.O.C.	Lin, I-Cheng	Female	2021/08/01	-	-	775,191	0.86%	-	-	University of New South Wales/HR Management	None	Vice President	Lin, Tzu-Hsuan	Spouse
Deputy Manager of the HR Dept.	Taiwan, R.O.C.	Hsu, Hui-Ling	Female	03/01/2023	-	-	-	-	-	-	National Cheng Kung University / M.B.A.	None	-	-	-
Manager of IT Dept.	Taiwan R.O.C.	Tsai, Yu-Kung	Male	2005/09/01	4,020	0.002%	-	-	-	-	Chung Yuan Christian University- Information	None	-	-	-
Manager of the Finance Dept.	Taiwan, R.O.C.	Wu, Hui-Min	Female	2021/02/01	-	-	12,000	0.006%	-	-	TungHai University / Accounting Dept.	None	-	-	-

Note: Disclosure omitted if the person has concurrent position in other non-public companies.

(3) Remuneration paid to directors, president and vice president in current fiscal year

1. Remuneration paid to directors and independent directors

Unit: NTD1,000

Title		Name	Remuneration paid to directors								Summation of A, B, C and D to NIAT (%) (Note 2)		Relevant remuneration paid to staff holding concurrent posts								Summation of A, B, C, D, E, F and G to NIAT (%) (Note 2)		Remuneration received from investments in other subsidiaries
			Remuneration (A)		Retirement Payment (B)		Director's Compensation (C)		Business Incurred Fees (D) (Note 1)				Salary, rewards, and special fees, etc. (E) (Note 3)		Retirement Payment (F) (Note 4)		Employee's Compensation (G)						
																	The Company		All companies in the consolidated report				
			The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	The Company	All companies in the consolidated report	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	The Company	All companies in the consolidated report	
Director	Chairman	Note 5	-	-	-	-	16,860	16,860	246	246	17,106 1.81%	17,106 1.81%	11,527	13,076	--	-	21,622	-	21,622	-	50,254 5.31%	51,803 5.47%	None
	Director	Note 6																					
	Director	Note 7																					
	Director	Note 8																					
	Director	Note 9																					
	Director	Note 10																					
	Director	Note 11																					
Independent Director	Independent Director	Note 12	-	-	-	-	2,640	2,640	102	102	2,742 0.29%	2,742 0.29%	--	-	-	--	-	-	-	-	2,742 0.29%	2,742 0.29%	None
	Independent Director	Note 13																					
	Independent Director	Note 14																					

	1. Please explain company's policy on independent director's remuneration, system, standard, and structure, and state the correlation between remuneration paid to independent directors and his work job responsibility, risk, invested time, and other related factors: The Company's independent directors only receive a fixed amount of remuneration and do not participate in the distribution of director's remuneration. The pay policy, system, standard and composition of such fixed remuneration is mainly made in accordance with the Company's Articles of Incorporation, stated as in Article 26-1 "….the Company shall distribute no more than five percent of the current fiscal year's profit to its directors as remunerations." In addition, factors, such as independent director's impersonal and objective position, dedication to board reviews, and average remuneration standard across the industry, are also taken into consideration in order to provide appropriate renunciation. The related performance evaluation information and the reasonableness of the remuneration are reviewed by the Company's Remuneration Committee and the Board, and maybe re-evaluated at any time according to actual operational situation and current laws and regulations for achieving a balance in-between a sustainable operation and risks management. 2. Except for the above disclosure, remunerations paid to directors for providing services (such as serving as a non full-time consultant in the Company/subsidiaries that are listed in the Company's consolidated report/re-invested companies, etc.) during the most current fiscal year: None.
*Please provide information separately for directors (general directors, not interdependent directors) and independent directors. Note 1: Included travelling expense of $348 thousand dollars. Note 2: NIAT referred to the net earnings after tax of $947,274 thousand dollars in 2023. Note 3: Included assigned business car expense $1,002 thousand dollars. Note 4: Was a reserve account for retirement benefits in 2023, which was not yet paid. Note 5: Lin, Jui-Chang Note 6: Chen, Chien-Kun Note 7: Chu, Jung-He, representative of Fu Zhi Investment Development Co., Ltd. Note 8: Michael A.Hoer, representative of Fu Zhi Investment Development Co., Ltd. Note 9: Hong Cheng Investment Co., Ltd. Note 10: Lin, Wen-Hsing, representative of Fu Yuan Investment Co., Ltd. Note 11: Liu, Ju-Shan, representative of Fu Yuan Investment Co., Ltd. Note 12: Chang, Ling-Ling Note 13: Chen, Yung-Chun Note 14: Chuo, Yung-Fu	

Remuneration Range Table

Remuneration range for directors of the company	Name of Director			
	The total of first 4 remunerations (A+B+C+D)		The total of first 7 remunerations (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Report H	The Company	All Companies in the Financial Report I
Less than NT$1,000,000	Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu	Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu	Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu	Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu
NT$1,000,000 (including)～NT$2,000,000 (excluding)				
NT$2,000,000 (including)～NT$3,500,000 (excluding)	Lin, Jui-Chang Chen, Chien-Kun Hong Cheng Investment Co., Ltd. Chu, Jung-He (representative of Fu Zhi Investment Development Co., Ltd.) Michael A. Hoer (representative of Fu Zhi Investment Development Co., Ltd.) Lin, Wen-Hsing (representative of Fu Yuan Investment Co., Ltd.) Liu, Ju-Shan (representative of Fu Yuan Investment Co., Ltd.)	Lin, Jui-Chang Chen, Chien-Kun Hong Cheng Investment Co., Ltd. Chu, Jung-He (representative of Fu Zhi Investment Development Co., Ltd.) Michael A. Hoer (representative of Fu Zhi Investment Development Co., Ltd.) Lin, Wen-Hsing (representative of Fu Yuan Investment Co., Ltd.) Liu, Ju-Shan (representative of Fu Yuan Investment Co., Ltd.)	Hong Cheng Investment Co., Ltd. Michael A. Hoer (representative of Fu Zhi Investment Development Co., Ltd.) Lin, Wen-Hsing (representative of Fu Yuan Investment Co., Ltd.) Liu, Ju-Shan (representative of Fu Yuan Investment Co., Ltd.)	Hong Cheng Investment Co., Ltd. Michael A. Hoer (representative of Fu Zhi Investment Development Co., Ltd.) Lin, Wen-Hsing (representative of Fu Yuan Investment Co., Ltd.) Liu, Ju-Shan (representative of Fu Yuan Investment Co., Ltd.)
NT$3,500,000 (including)～NT$5,000,000 (excluding)				
NT$5,000,000 (including)～NT$10,000,000 (excluding)				
NT$10,000,000 (including)～NT$15,000,000 (excluding)			Lin, Jui-Chang Chen, Chien-Kun Chu, Jung-He (representative of Fu Zhi Investment Development Co., Ltd.)	Lin, Jui-Chang Chen, Chien-Kun
NT$15,000,000 (including)～NT$30,000,000 (excluding)				Chu, Jung-He (representative of Fu Zhi Investment Development Co., Ltd.)
NT$30,000,000 (including)～NT$50,000,000 (excluding)				
NT$50,000,000 (including)～NT$100,000,000 (excluding)				
NT$100,000,000 and above				
Total				

2. Remuneration paid to President and Vice President

Unit: NTD1,000

Title	Name	Salary(A)		Retirement Payment (B) (Note 1)		Rewards and Special Fees, etc… (C) (Note 2)		Employee's Compensation (D)				Summation of A, B, C and D to NIAT (%) (Note 3)		Remuneration received from investments in other subsidiaries
								The Company		All Companies in the Financial Report				
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	The Company	All Companies in the Financial Report	
President	Chen, Chien-Kun	22,062	23,611	333	333	1,356	1,356	32,519	-	32,519	-	56,270 5.94%	57,819 6.10%	None
President of Business Group	Lin, Teng-Tsai													
President of Business Group	Chu, Jung-He													
Vice President	Chang, Jui-Pi													
Vice President	Wang, Han-Ting													

Vice President	Lin, Tzu-Hsuan													
Vice President	Lin, Shih-Huang													
Vice President	Chu, Hung-Yang													

Note 1: Was a reserve for retirement benefits in 2023, which was not yet paid.

Note 2: Included assigned business car expense $902 thousand dollars.

Note 3: NIAT referred to the net earnings after tax of $947,274 thousand dollars in 2023.

Remuneration Range Table

Remuneration range for President and Vice President of the company	Name of President and Vice President	
	The Company	All Companies under the Consolidated Report E
Below NT$1,000,000	-	-
NT$1,000,000 (including)～NT$2,000,000 (excluding)	-	-
NT$2,000,000 (including)～NT$3,500,000(excluding)	-	-
NT$3,500,000 (including)～NT$5,000,000 (excluding)	Wang, Han-Ting/Lin, Shih-Huang/Chu, Hung-Yang	Wang, Han-Ting/Lin, Shih-Huang/Chu, Hung-Yang
NT$5,000,000 (including)～NT$10,000,000 (excluding)	Chen, Chien-Kun/Lin, Teng-Tsai/Chang, Jui-Pi/Lin, Tzu-Hsuan	Chen, Chien-Kun/Lin, Teng-Tsai/Chang, Jui-Pi/Lin, Tzu-Hsuan
NT$10,000,000 (including)～NT$15,000,000 (excluding)	Chu, Jung-He	Chu, Jung-He
NT$15,000,000 (including)～NT$30,000,000 (excluding)	-	-
NT$30,000,000 (including)～NT$50,000,000 (excluding)		

NT$50,000,000 (including)～NT$100,000,000 (excluding)		
NT$100,000,000 and above	-	-
Total		

3. Names of managers receiving employee's compensation and the allocation

Fiscal Year 2023 / Unit:NT$1,000

	Job Title (Note 1)	Name (Note 1)	Amount of Stock Compensation	Amount of Cash Compensation	Total	Total Amount in % out of NIAT (%)
Managers	President	Chen, Chien-Kun	-	38,902	38,902	4.11%
	President of Business Group	Chu, Jung-He				
	President of Business Group	Lin, Teng-Tsai				
	Vice President	Chang, Jui-Pi				
	Vice President	Wang, Han-Ting				
	Vice President	Lin, Tzu-Hsuan				
	Vice President	Lin, Shih-Huang				
	Vice President	Chu, Hung-Yang				
	Director	Li, Chen-Hui				
	Director	Lin, Wen-Yu				
	Plant Manager	Chung, Hsuan-Tung				
	Chief Finance Office	Li, Kuo-Wei				
	Chief of Culture	Lin, I-Cheng				
	Superintendent in the Accounting Dept.	Wu, Hui-Min				

Note 1: Scope of manager type of rank is defined below following the regulations states on Correspondence Jin-Guang-Zheng-Jiao-Zi: 1120384295 issued on Oct. 4th, 2023.

(1) President and of the same rank

(2) Vice President and of the same rank

(3) Director and of the same rank

(4) Supervisor in the Finance Dept.

(5) Supervisor in the Accounting Dept.

(6) Other competent persons that are responsible for handling the Company's administration issues with signature rights

Note 2: NIAT referred to the net earnings after tax of $947,274 thousand dollars in 2023.

4. Analysis of net profit distribution to directors, supervisors, President and Vice President:

Title	The proportion of the total amount of 2023 remunerations paid to directors, supervisors, President and vice President of the Company and on the consolidated reports to the net profit after tax	The proportion of the total amount of 2022 remunerations paid to directors, supervisors, President and vice President of the Company and on the consolidated reports to the net profit after tax
Directors	5.76%	5.84%
Supervisors (note)	0.00%	0.00%
President & Vice President	6.10%	5.05%

Note: In 2020, the Company has established an Audit Commission to replace the role of supervisors.

5. The policy, standard and formation of remunerations, the procedures for setting remunerations, and the relationship with business performance and future risks:

A. The policy, standard and formation of remunerations

i. The Company's independent directors only receive a fixed remuneration and do not participate in the distribution of director's remuneration. With regard to other director's remuneration, according to the Article 26-1 of Articles of Incorporation, remunerations paid to directors should be distributed based on the principle of not higher than five percent of the current year's profit, and should also take the Company's operating results and director's contribution to the Company's performance into consideration. The Company regularly evaluates the remuneration of directors in accordance with the "Directors' Performance Evaluation Method". The relevant performance evaluation and the rationality of the remuneration are reviewed by the Remuneration Committee and the board of directors.

ii. According to Article 26-1 of the Articles of Incorporation, the Company should distribute not lower than 5% of its current year's profit to employees as remuneration. And the Remuneration Committee is responsible for compiling and revising "Taiwan Fu Hsing's Remuneration Policy (currently on version 4)", in which states that the remuneration paid to managers is based on the formula and principle of each manager's performance.

The aforementioned bonus formula and principle considers a reasonable adjustment, while taking into the considerations of the Company's operational results per year, manager's position and performance, as well as manager's responsibility scope.

Total remunerations paid to the company's Chairman, President, and Vice President includes the basic salary, allowance for additional duty and meal. The strategy to set and pay the remuneration is based on the Company's "Manners to manage employee post structure and salary", while is also considering the remuneration level in this industry, the scope of power and responsibility, contribution made to achieve the Company's operational goal. The salary

is calculated based on education background, work experiences, work performance, contribution level, and seniority. A year-end bonus is distributed based on the Company's operation performance, which includes financial indexes, such as the Company's sales result, and the achievement of the Company's net profit before and after tax, and non-financial indexes, such as law compliance of the department and major deficiency in relation to operational risks, of the year.

iii. The formation of the remuneration paid by the Company is set in accordance with the organizational regulations of the Remuneration Committee, and that should include cash remuneration, stock options, dividends, retirement benefits or resignation benefits, various allowances and other measures with substantial incentives; the coverage should be in accord with regulations stating the remunerations paid to directors and managers as stated in Regulations Governing Information to be Published in Annual Reports of Public Companies.

B. Procedure for setting remunerations

In order to regularly evaluate the remuneration of directors and managers, the Company's "Board of Directors Performance Evaluation Method" and "Taiwan Fu Hsing Salary Policy" are used as the basis for the evaluation results. The procedures to calculate director's remunerations should consider not only the Company's overall business performance, risks and development trends in the industry, but also personal performance achievement and personal contribution to the Company's operation performance to provide reasonable compensations. The performance evaluation and the reasonableness of compensation of Directors, CEO, and Vice President both are verified by the Company's Remuneration Committee and board of directors, and may be reviewed and discussed at any time in accordance with the Company's actual operation situation and related laws and regulations at all times to manage and balance the goals of sustainable operation and risk management. The actual distribution amount paid to directors and managers in 2023 is reviewed by the Remuneration Committee and send for approval at the bard of directors.

C. The relationship with business performance and future risks

The review on the Company's remuneration policy related payment standard and system mainly considers the Company's overall operating status, and the payment standard is approved based on the performance achievement rate and contribution level in order to improve the overall organization's team effectiveness of the board of directors and management department.

In addition, the salary standard across the industry is also considered to ensure that the salary of the Company's management is competitive, so as to retain excellent management talents.

The Company's managers' performance goals are all linked to "risk management" to ensure that possible risks within the scope of duties can be managed and prevented, and the actual performance evaluation results are linked to the relevant human resources and relevant salary and remuneration policies.

The important decisions of the Company's management are made after considering various risk factors. The performance of relevant decisions is reflected in the Company's profit situation, and further related to management’s remuneration and the performance of risk control.

(4) Corporate governance practices

1. Information relating to the Operation of Board of Directors

In 2023, 6 Board Meetings were conducted. The name lists of the attendees are as follows:

Title	Name	Attendance in Person	Attendance in proxy	Actual Attendance Rate (%)	Remarks
Chairman	Lin, Jui-Chang	6	0	100%	
Director	Chen, Chien-Kun	6	0	100%	
Director	Representative of Hong Cheng Investment Co., Ltd.: Lin, Tzu-Hsuan	6	0	100%	
Director	Representative of Fu Zhi Investment Development Co., Ltd.: Chu, Jung-He	6	0	100%	
Director	Representative of Fu Zhi Investment Development Co., Ltd.: Michael A.Hoer	6	0	100%	
Director	Representative of Fu Yuan Investment Co., Ltd.: Lin, Wen-Hsing	6	0	100%	
Director	Representative of Fu Yuan Investment Co., Ltd.: Liu, Ju-Shan	5	0	83%	
Independent Director	Chang, Ling-Ling	6	0	100%	
Independent Director	Chen, Yung-Chun	6	0	100%	
Independent Director	Chuo, Yung-Fu	5	0	83%	

Other things should be noted:

1. According to Article 14-3 of the Securities and Exchange Act, if an independent director has a dissenting opinion or qualifying opinion and such opinion was recorded or taken down as written statements, the date of Board of Directors Meeting, term, all independent directors' opinions in the resolutions and the company's reaction to the independent's opinions should be addressed:

Date of the Meeting in 2023 (mm/dd/yyyy)	Important Resolution	Opinion of the Independent Directors	React to Independent Director's Opinions

1st Meeting on 01/16/2023	To review 2023 operational plans and goals	Approved	Not Applicable
	To review "Total Remuneration Paid to Employees and to Directors in 2022"	Approved	Not applicable
	To review "2022 Remuneration Paid to Managers and Employees"	Approved	Not Applicable
2nd Meeting on 03/08/2023	To discuss the plan to set up a subsidiary in South-East Asia	Approved	Not Applicable
	To adopt the 2022 business report and financial statements	Approved	Not Applicable
	To resolve on the 2022 earnings distribution	Approved	Not Applicable
	To discuss on the assessment of accountant's independency and the appointments of certifying CPAs	Approved	Not Applicable
	To discuss the proposal to full re-elect directors	Approved	Not Applicable
	To discuss the proposal to remove the non-compete restriction imposed on the Company's newly elected directors and their representatives	Approved	Not Applicable
3rd Meeting on 05/05/2023	To discuss to recognize the 2023 Q1 Consolidated Financial Report	Approved	Not Applicable
4th Meeting on 05/26/2023	The 1st board meeting after full re-election of directors. The election of the new term's chairman of the board.	Approved	Not Applicable
	To discuss to re-elect committee members of the Remuneration Committee.	Approved	Not Applicable
5th Meeting on 08/04/2023	To discuss to recognize the 2023 Q2 Consolidated Financial Report	Approved	Not Applicable
	To discuss to establish the "Rules Governing Financial and Business Matters Between the Company and its Affiliated Enterprises"	Approved	Not Applicable
6th Meeting on 11/03/2023	To discuss to recognize the 2023 Q3 Consolidated Financial Report	Approved	Not Applicable
	To discuss the 2024 Audit Plan	Approved	Not Applicable

2. The implementation to avoid motions with matters bearing on director's personal interests. Name of director, contents of the motion, reasons to avoid conflicts of interests, and the voting situation:

   While was reviewing the proposal of "Total Remunerations pad to Employees, Directors and Supervisors" and "Remuneration paid to Managers and Employees", Lin, Jui-Chang, Chen, Chien-Kun, Chu, Jung-He, Michael A.Hoer, Lin,

Tzu-Hsuan, Lin, Wen-Hsing, and Liu, Ju-Shan as the Company's directors and have conflicts of interest with the representing juridical company all refused the involvement in the voting according to related laws and regulations.

3. The goal and implementation of enhancing Board of Director's function in the most recent fiscal year (ex. setting up audit committee, enhancing information transparency, etc…):

    1. Directors to pursue further education: all the Company's directors took self-advancing courses held by UBS, the Accounting Research and Development Foundation, TWSE, Taiwan Corporate Governance Association, and Securities and Futures Institute to continuously obtain new knowledge and achieve better results in interactions and sharing. The total directors' training hours in 2023 were 60 hours.

    2. To promote information transparency: according to Article 14-6 of the Securities and Exchange Act, Remuneration Committee was established and its operation and administration standard was added in the company's internal control system. Upholding the spirits of transparent operation and shareholder's right maintenance, the Company created the sections of "Investors" and "CSR" on the Company's website to provide real-time information to the public. In addition, institutional investor's conferences are regularly planned and held too.

    3. Liability insurance for directors (and supervisors): for protecting Fu Hsing directors from risks while they are in the mission to carry out their duties, the Company, started from 2018, purchased liability insurance for its directors. The Company will regularly inspect the contents of such liability insurance to ensure the maximum amount of coverage and covering extents can meet the actual demands, and the review will be reported to board of directors every year.

    4. Implementation status: Implemented in accordance with the Board of Director's Rules of Procedures; and the implementation were good.

4. The execution of Board Evaluation

Evaluation Frequency	Evaluation	Scope of Evaluation	Measures of the Evaluation	Evaluation Contents	Results
Once Per Year	01/01/2023~12/31/2023	1. Assess the overall Board performance	Internal assessment	1. The participation level in the Company's operation 2. The enhancement of the Board's strategy-making quality 3. The composition and structure of the Board 4. The election and continuing education of the board members 5. Internal control	1. The directors provided opinions from the aspects of the industry, accounting, finance, international situation, etc., on the proposals, which were brought up for thorough discussion and formed the operation decision after a collegiate discussion. Therefore, the overall evaluation result of the performance of the board of directors was excellent. For the future operation of the Company, it is planned to invite department heads to report the latest product development and sales trends to be reference information for the board of directors to make decisions. 2. The evaluation results were reported to the Board of Directors on Jan. 26th, 2024.
		2. Assess individual board member's		1. The control on Company's goal and assignment 2. The awareness of director's responsibilities	1. All members of the Board have completed the annual advance courses, shared the course experience, and communicated with other directors.

		performance		3. The participation level in the Company's operation 4. The management and communication of internal relationship 5. Director's professionalism and continuing education 6. Internal control	Members participated in the meeting through personal presentation in the meeting or video conference and made decisions after thorough communication and discussion in the meeting. As required in the Sustainable Development Action Plans for TWSE and TPEx listed Companies", starting from 2025, if female directors account for less than 1/3 of the board, the company shall disclose the reason and corresponding measures in the annual report, and also a listed company shall not have more than half of the independent directors that have served as independent director in the company for 3 terms. The board will make suggestions and will take such requirements into consideration when evaluating director candidates. The suggestion is expected to be implemented during the re-election of directors in 2026. 2. The evaluation results were reported to the Board of Directors on Jan. 26th, 2024.
		3. Assess functional committee's performance		1. The participation level in the Company's operation 2. The awareness of functional committee's responsibilities 3. The enhancement of functional committee's strategy-making quality 4. The composition and member-selection of the functional committee 5. Internal control	1. The members of each functional committee discussed matters seriously, actively participated in the meeting, and formed a decision after listening to the reports of relevant departments and mutual discussion. Therefore, the result of the evaluation on overall performance of each functional committee was excellent. In light of the need and expectation of the committee members, it is planned to invite internal and external professionals to formulate a special report on the matters to serve as reference material for functional committee members to make decisions. 2. The evaluation results were reported to the Board of Directors on Jan. 26th, 2024.

*Note: functional committee includes the Audit Committee and the Remuneration Committee.

2. Information relating to the operation of Auditing Committee:

The Company's Audit Committee is composed of 3 independent directors with professional qualification and experiences set forth in the following table:

Name	Professional Qualification and Experiences
Chang, Ling-Ling	Ms. Chang, Ling-Ling is qualified as an accountant and has more than 20 years of experience in accounting firms. She specializes in the planning and establishment of corporate investment projects, corporate and personal tax planning, corporate accounting system design and

	establishment, as well as corporate accounting, taxation, internal control and provision of other management consulting services. In addition to being a member of the board of directors in a number of public companies, Ms. Chang also once was a financial and tax accounting business consultant of the Export Processing Zone Administration of the Ministry of Economic Affairs, an evaluator for accounting technician's skills verification, and an arbitrator of the Chinese Arbitration Association, Taipei.
Chen, Yung-Chun	Mr. Chen, Yung-Chun specializes in accounting and finance. He has served as an important financial director in a listed company, and has extensive financial decision-making and investment experience. Besides being a committee member of the Company's Remuneration Committee, Mr. Chen also once was the Vice President of the Finance Dept. in Min Aik Technology Co., Ltd., Vice President of the Finance Dept. in Kang Lien Enterprise, and the CFO in DIMERCO's affiliated company.
Chuo, Yung-Fu	Mr. Chuo, Yung-Fu specializes in architectural design and land planning and development. From 2013 to 2019, besides served as the chairman of the Real Estate Development Association of Kaohsiung City, he also once was a member in the Kaohsiung City Urban Design and Land Development Permit Review Committee, and a member in the Environmental Protection Fund Management Committee. Currently, Mr. Chuo is the lead architect of Chuo Yungfu Architect Office, and the Chairman of ALL MAY Development Co., Ltd.

Major work summary of the current year by the Company's Audit Committee and the operational situation are as below:

1) The Company's Audit Committee is composed three independent directors of the Company. The goal of the Audit Committee aim at assisting the Board to oversee the Company's quality and credibility in carrying out accounting, auditing, and financial reporting procedures, as we as in its financial control. Matters for deliberation are as below:
   - ◆ Financial report
   - ◆ Internal control system and the related strategy and procedure
   - ◆ Significant asset or derivative products transaction
   - ◆ Major loans and endorsements/guarantees
   - ◆ Raise or issue securities
   - ◆ Derivative financial products and cash investment status
   - ◆ The appointment, dismissal or remuneration in relation to certifying accountants
   - ◆ The appointment and dismissal of financial, accounting, or internal audit superintendents
   - ◆ The implementation situation of Audit Committee
2) Review of financial reports

   The Audit Committee have examined the company's operation report and motions of earnings distribution along with the Company's individual financial reports and the consolidated financial reports that were audited and signed by Accountants, Wang, Chun-Kai and Wu, Chien-Chih, of the PwC Taiwan and submitted by the Board of Directors for the year ending 2023, and found them in order.
3) Assessment on the effectiveness of the Company's internal control system

   The Audit Committee assesses the effectiveness of the Company's internal control system related strategy and procedures (including finance, operation, risk management, information safety, law compliance, and related control manners), reviews regular reports issued by the Company's audit unit, certifying accountants, and management, and

oversee the law and internal rule compliance of the operation of the Company's internal audits and other major operations.

While is referring to the internal control system framework, the "Internal Control - Integrated Framework", released by the Committee of Sponsoring Organizations of the Treadway Commission in 2013, the Company has adopted necessary control mechanism to oversee and correct violating behaviors. The Audit Committee believes the Company's risk management system and internal control system should be effective.

4) The Company set up the Audit Committee on May 28th, 2020. The convener, Chang, Ling-ling, called 5 meetings in the year of 2023. Members participation status are listed below:

JOB TITLE	NAME	NUMBER OF ACTUAL ATTENDANCE	NUMBER OF ATTENDANCE BY DELEGATING OTHERS	ACTUAL PARTICIPATION RATE (%)	REMARK
Independent Director	Chang, Ling-Ling	5	0	100%	Convener
Independent Director	Chen, Yung-Chun	5	0	100%	
Independent Director	Chuo, Yung-Fu	5	0	100%	

Other matters required to be recorded:

1. Should the operation of audit committee have any of the following situation, matters including the date of the meeting, the period, content of the motion, independent director's objections, reservations, or major recommendations, the results of the Audit Committee's resolutions, and how the Company's reacts to audit committee's opinions should be recorded.

a) The matters set up in Article 14-5 of the Securities and Exchange Act.

Board Meeting (mm/dd/yyyy)	Contents of Proposal and the Subsequent Action	Matters set up in Article 14-5 of Securities and Exchange Act	Proposal not approved by the Audit Committee, but has resolved by more than 2/3 of directors
2023 1st meeting 1/16/2023	Report of 2022 operation results	✓	
	The resolution result by the Audit Committee (Jan. 16, 2023): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee's opinions: proposal approved by all the presenting directors.		
2023 2nd meeting 03/08/2023	Discussion on the plan to set up a subsidiary in South-East Asia	✓	
	Recognition of derivatives operations	✓	
	Discussion on the 2022 financial statements	✓	
	Discussion on the 2022 earnings distribution plan	✓	
	Discussion on the appointment of certifying accountants	✓	
	Discussion on the effectiveness of the 2022 internal control	✓	

	The resolution result by the Audit Committee (Mar. 8, 2023): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee's opinions: proposal approved by all the presenting directors.		
2023 3rd meeting 5/05/2023	Discussion on the plan to appoint PwC Taiwan to provide Non-Assurance Services	✓	
	Discussion on 2023 Q1 Consolidated report	✓	
	The resolution result by the Audit Committee (May 05, 2023): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee's opinions: approved by all the presenting directors.		
2023 4th meeting 8/04/2023	Discussion on the plan to elect the convener of the Audit Committee	✓	
	Review and recognition of the operation of derivative commodities	✓	
	Discussion on 2023 Q2 Consolidated report	✓	
	Discussion on the plan to establish the Company's "Rules Governing Financial and Business Matters between the Company and its Affiliated Enterprises"	✓	
	The resolution result by the Audit Committee (Aug. 04, 2023): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee's opinions: approved by all the presenting directors.		
2023 5th meeting 11/3/2023	Review and recognition of the operation of derivative commodities	✓	
	Discussion on 2023 Q3 Consolidated report	✓	
	Discussion on the 2024 Audit Plan	✓	
	The resolution result by the Audit Committee (Nov. 3, 2023): Approved by all the members in the Audit Committee.		
	Reactions taken by the Company to cope with Audit Committee's opinions: approved by all the presenting directors.		

b) In addition to aforementioned matters, any other matters that have not approved by the Audit Committee but are resolved by more than two-third of the board members: The Company does not have any of the above issues.

2. Implementation status of independent director's avoidance of any conflict-of-interest issues, name of the director, content of the proposal, reasons why the director should enter recusal, and the participation in resolution status should be illustrated, if any: None.

3. The communication situation among independent directors, internal audit team's superintendent, and certifying accountant (should include major communication issues in the light of the Company's financial and business situation, measures, and the results, etc...)

a) The Company's internal audit team submits audit report and the tracking report for found defects and irregularities to each independent director each month. Moreover, the superintendent of the internal audit team will report to explain the on-going audit issues, audit results and the tracking status in the quarterly convened audit committee meeting, and will carry out thorough discussion and communication with the committee members in terms of the design and execution of internal control system, as well as other related suggestions.

b) The Company convenes Board of Directors Meeting each quarter and invites independent

directors and auditing superintendent to attend the meeting. Superintendent of the audit team will present to report the internal audit operation status.

c) The certifying accountant also report to independent directors with respect to the Company's financial situation, domestic and foreign sub-companies' financial situation and overall operation status, and the audit on the Company's internal control at least once each year, and will also carry out thorough communication with regards to major adjusting entries or important legal amendments may affect accounting transactions.

d) Usually accountants and audit superintendent contact and communicate with independent directors, while there is necessary. The communication is well-achieved.

e)Summary table of the communication between independent directors and the superintendent of the Internal Audit team:

Date	Character	Attendee	Communication Topics	Result
1/16/2023	Audit Committee	Independent Directors: Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu And Audit Supervisor	Report: (1) The execution of 2022 Q4 audit matters (2) The follow-up results on the 2022 Q3 audit findings	No opinion
			Communication of the assessment methods for the effectiveness of the internal control system: (1)Effective determination factors for 2022 internal control system (2)The planning and progress of 2022 Internal Control's self-assessment	No Objections
3/08/2023	Audit Committee	Independent Directors: Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu And Audit Supervisor	Report: The execution of audit works in January and February in 2023	No opinion
			Discussion: (1) Assessment on the effectiveness of 2022 Internal Control (2)The submission of 2022 Internal Control Statement	No Objections Passed
5/05/2023	Audit Committee	Independent Directors: Chang, Ling-Ling Chen, Yung-Chun And Audit Supervisor	Report: The execution of audit works in March 2022	No opinion
8/04/2023	Audit Committee	Independent Directors: Chang, Ling-Ling Chen, Yung-Chun	Report: (1)The execution of audit works in April to June in 2023	No opinion

		Chuo, Yung-Fu And Audit Supervisor	(2) The tracking status of the 2023 Q1 audit findings	
11/03/2023	Audit Committee	Independent Directors: Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu And Audit Supervisor	Report: (1)The execution of audit works in July to September in 2023 (2)The tracking status of the 2023 Q1 audit findings (3)The assessment and discussion of the "Typhoon and Flood Insurance" (4) Discussion on the need to require the responsible departments to carefully evaluate adding "public accident liability insurance", "employer's accident liability insurance", and " Employers Compensation Contract Liability Insurance " to each factory in the group	No opinion
			Discussion: To submit the 2024 Audit Plan	No Objections Passed

f)Summary table of the communication between independent directors and the accountants:

Date	Character	Attendee	Content of Communication	Result
3/08/2023	Pre-meeting before the Board Meeting	Accountant Wang, Kuo-Hua & Independent Directors: Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu	Report: 1. Communication at the 2022 annual audit completion stage with the governance units and the audit quality indicators (AQIs)	No opinion Passed
			2.2022 important financial and operational matters	No opinion Passed
			3.The update of current regulation changes	No opinion
11/02/2023	Pre-meeting before the Board Meeting	Accountant Wang, Chun-Kai & Independent Directors: Chang, Ling-Ling Chen, Yung-Chun Chuo, Yung-Fu	Report: 1. Important interim financial and operational matters in 2023	No opinion Passed
			2. The communication with regards to 2023 annual audit plan's stages with governance units	No opinion Passed
			3.ESG recent development	No opinion

3. The implementation of corporate governance and the divergence from the regulated Best-Practice Principles for TSE/TPEx Listed Companies and the reason for such divergences

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
1. Whether the company establishes and discloses corporate governance principles following the regulated "Corporate Governance Best Practice Principles for TWSE/GESM Listed Companies"?	✓		The Company has set up its own "Rules for Corporate Governance Practices" in accordance with the "Corporate Governance Best Practice Principles for TWSE/GESM Listed Companies" and the rules have disclosed on the Company's website (http://www.fuhsing.com.tw/exec/msg.php?mid=66&cid=44&pid=66&lg=T) and the MOPS site.	No significant divergence
2. Regarding the company's share structure and stockholder's equity A. Whether the company sets up internal work procedures to handle suggestions, questions, disputes and lawsuits with shareholders, and whether the procedures are implemented accordingly? B. Whether the company holds the information on the company's major shareholders with controlling interests and the ultimate controlling parties that stand behind the major shareholders? C. Whether the company establishes and implements rules for risk management with affiliated companies and builds the firewall mechanism?	✓ ✓ ✓		A. The company has appointed spokesperson and acting spokesperson to deal with shareholders' suggestions and disputes, etc… and also set up a Stock Affair Section to deal with shareholder related issues. B. The shareholding of the company is quite centralized. Besides, the company does pay attention to the company's securities trading status in the market all the time. C. The company has already established related rules in the company's	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
D. Whether the company establishes internal regulations to prohibit insiders from utilizing un-disclosed information to purchase/sell securities?	✓		internal control system according to laws and regulations. D. The company has set up "Work Procedures to Handle Significant and Important Information" and regularly propagated precautions of insider transactions.	
3. Composition and duties of Board of Directors A. Does the board of directors formulate diversity policies and related specific management objectives, and truly implement them?	✓		A. 1. The company has made a plan for the diversification of board members, and the plan has been reported to and actually carried out in the Board of Directors' Meeting. The nomination and election of the Company's Board members all followed the rules stated on the Company's Articles of Incorporation and took candidate's educational and career background into consideration to ensure the diversity and independency of the Company's Board members. 2. The board members elected this term included - a female member; - good at operation & management, leadership and decision-making, and industry knowledge: Lin, Jui-Chang, Chen, Chien-Kun, Chu, Jung-He, Lin, Tzu-Hsuan, and Lin, Wen-Hsing; - good at electronic technology, risk management, and vision on international market: Lin, Jui-Chang, Chu, Jung-He, Michael A. Hoer, and	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			Liu, Ju-Shan; - has made contribution to social care: Lin, Jui-Chang and Michael A. Hoer - 3 independent directors: good at financial and accounting affairs. 3. The Company's Board of Directors currently is composed of 10 directors, including 7 general directors and 3 independent directors. The members have rich experiences and professions in finance and accounting, business, management and others. Among all the directors, 40% of the directors are company's employees, 30% of the directors are having the position as independent directors and 10% of directors are female. 3 independent directors have been served as independent directors for less than 9 years, 7 directors are in the age between 61-70 years old, and 3 are under 60 years old. The Company pays special attention on gender equity and has set the target to increase the female director to more than 10% of total number of directors. It is expected that in 2023 when the Company re-elects directors, the achievement of such goal will be maintained. 4. Policies in relation to the diversity of the board members are disclosed on the Company's website. B. The company has not yet set up other similar kinds of functional	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			committee, but such is under planning.	
B. Besides setting up Remuneration Committee and Audit Committee according to laws and regulations, whether the company voluntarily sets up other similar kinds of functional committee?		✓		
C. Whether the company sets up Board of Director's performance evaluation rules and method, carries out the evaluations regularly each year, reports the evaluation results to the Board Meeting, and uses the results as references to evaluate each director's salary and remuneration, as well as his/her qualification as candidate to the successive post as directors?	✓		C. The company has established Board of Director's performance evaluation rules and method. Each year, the Company carries out regular assessments on director's performance and reports the results to the Board Meeting and, at the same time, discloses on the Company's Website. The Company assesses each director's confidence in achieving the Company's goals and mission, as well as his/her participating level in the Company's operations each year and applies the assessing results to calculate each director's salary and remunerations, as well as his/her nomination qualification for director's post renewal.	
D. Whether the company periodically evaluates the independence of the company's certifying accountant?	✓		D. 1. According to the Company's "Methods for evaluating the independence and competency of the CPAs", after taking in the consideration of accounting office's audit quality indicators (AQIs), the Company shall periodically evaluate the independence and competency of its certifying accountants (at least once per year). 2. After carrying out the following evaluation procedures, the	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			results have met the related regulations. The proposal of the appointment of certifying accountants has been submitted to the Audit Committee and approved by the board on March 6, 2024. (1) Obtain accountant's independence statement (2) Review years of continuing implementation as a certifying accountant in the Company (3) Results are summarized through evaluating the independence and competency assessing table. The assessment items include: ✓Whether the certifying accountant is a director of the Company or in its affiliated company? ✓Whether the certifying accountant is a shareholder of the Company or its affiliated company? ✓Whether the certifying accountant receives remunerations from the Company or its affiliated company? ✓Whether the certifying accountant confirms his accounting firm has complied with regulations associated to independency?	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			✓Whether the certifying accountant's accounting firm has joint certified accountant that serves as the Company's director, manager, or other posts that might have significant influence to the Company's audit practices within a year of his retirement from the accounting firm? ✓Whether the certifying accountant has not been providing audit services for the Company for continuous seven years? ✓ Whether the certifying accountant complies with the independency requirement stated in the No.10 of the "Norm of Professional Ethics of the Certified Public Accountant"? ✓ Whether the certifying account has not been punished by the Certified Public Accountant Act or been punished due to the violation of Article 37 of the Securities and Exchange Act in the past three years? ✓ Whether the accounting firm provides good services to the Company?	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			✓ Whether the accounting firm provides audit services with sufficient professionalism, experiences, and resources? ✓ Whether the accounting firm has clearly defined quality control procedures, including for the audit procedures, problem solving, assessing methods, etc.? ✓ Whether the accounting firm notifies immediately the Company's management when it is found obvious problems in risk management, corporate governance, financial accounting, and internal control?	
4. Whether the Company establishes proper and enough corporate governance personnel(s) and appoint a supervisor to be responsible specifically for corporate governance related affairs (including but not limited to provide information required for directors/supervisors to execute business issues, to assist directors and supervisors in law-compliance issues, to handle Board Meeting and Shareholders' Meeting related affairs, to make meeting minutes of the Board of Directors' Meeting and Shareholders' Meeting, etc…)?	✓		The Company has assigned appropriate numbers of CG related personnel, and have sought for approval in the Board Meeting to appoint CFO, LI Kuo-Wei, a qualified manager and has worked as a supervisor position in the Finance Dept. in a listed company for more than 3 years to serve as the Company's Governance supervisor to provide directors with necessary information for executing their duties, assist directors to be in compliance with the laws and regulations, and to handle Board of Directors meeting and Shareholders' Meeting related affairs in accordance with laws and regulations. In 2024, in conjunction with the Company's position adjustment, Manager Shi, Bo-Yi, who	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			has been in charge of legal affairs for more than three years in the Company, has been appointed as the corporate governance superintendent. Issues executed by the governance superintendent in 2023 as below: A. Assisted independent directors and general directors to execute their duties, provided them with necessary information and arranged training sessions for directors: i. Notify board members related amendments and developments in light of the Company's operation area and corporate governance laws and regulations; ii. Review the confidential level of classified information and provide directors with necessary information in relation to the company to maintain a good and smooth communication between directors and all the Company's supervisors. iii. Assist independent directors to meet with internal supervisors and certifying CPAs on 1/16/2023, 3/8/2023, 5/5/2023, 8/4/2023, 11/02/2023, and 11/03/2023 respectively to understand the Company's financial situation. iv. Plan and arrange annual educational courses for general directors and independent directors based on the Company's industry characteristics and each director's education background and work	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			experiences. B. Provided assistance in handling the procedures in the Board of Directors' Meeting and Shareholders' Meeting and evaluated resolution compliance issues: i. Report the operation situation of the Company's corporate governance to board of directors, independent directors, audit committee and confirm whether the convention of Board of Directors' Meeting and Shareholders' Meeting meet related regulations and corporate governance rules. ii. Assist and remind directors to follow related regulations when is executing their duties or making official resolutions in the Board Meeting, and make suggestions on going-to-be law-violated resolutions in the Board Meeting. iii. Inspect and review the disclosure of important resolutions made in the Board Meeting and ensure the legality and accuracy of such material information disclosure's contents to make sure information equality for investor transactions. C. Maintained the relationships with investors: when it is necessary, help arrange communication between directors and major shareholders, institutional investors, or general shareholders, so that investors are able to	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			obtain sufficient information to evaluate the Company's reasonable market value and maintain shareholder's right. D. Plan the agenda in the Board Meeting and notify all directors at 7 days prior to the meeting; convene the meeting and provide meeting information; remind directors if any proposals may have conflict of interest concerns; complete meeting minutes within 20 days after the Board Meeting is convened. E. Complete all the pre-meeting disclosures in relation to Shareholders' Meeting, compile meeting notification in, handbook, and minute book within regulated time period, and handle the registration affairs in relation to the amendments of the Articles of Incorporation or Re-election of directors. Information regarding training sessions in 2023 as below: "How to do a board meeting?", "Frequent mistakes see in the practices of board meetings held by public companies/ Business operations' Risk and Opportunities resulting from the trend of climate changes, 2023 Insider Trading Prevention Conference – the 4th conference, Four Carbons – Regarding Carbon Fee, Carbon Tax, Carbon Credit, and Carbon Emission Trading, that were held by Securities and Futures Institute, Corporate Governance Association, and the Dept. of Accountancy and Graduate Institute of Finance,	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			NCKU, for a total of 12 hours.	
5. Whether the Company establishes communication channels with interested parties (including but not limited to the Company's shareholders, employees, customers, and suppliers), and whether the company constructs a web site for interested parties on the company's website and properly answers all the important CSR related questions arising from interested parties?	✓		The company maintains good communications with its banks, creditors other than banks, employees, customers, and suppliers. Meanwhile, the company has built a web page (www.fuhsing.com.tw) for interested parties (in Chinese) under the section of Social Responsibility. We do respect all's legitimate rights and interests.	No significant divergence
6. Whether the Company entrusts professional stock affairs agency to handle Shareholder's Meeting related affairs?	✓		The company entrusts "Capital Securities Corporation" as our agency of stock affairs to handle all Shareholders' Meeting related affairs.	No significant divergence
7. Information Disclosures A. Whether the company constructs a website and discloses information in relation to the company's financial and corporate governance? B. Whether the company adopts other methods to disclose the company's information (such as constructing English website, assigning a staff to collect and disclose the company's information, truly carry out spokesman system, put road show information and contents on the company's website, etc…)	✓ ✓		A. The company has a company website （www.fuhsing.com.tw）. Under the Investor Relations section, one can inquires about the company's financial, annual reports and share prices. Under the Products section, pictures of our products are also exhibited. B. The company has specially assigned a staff to collect and disclose the company's information and truly carries out the spokesman system. The Company also held conferences with investors and disclosed the contents of such conferences at the Company's website (www.fuhsing.com.tw).	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
C. Whether the Company discloses and files the year's financial statement with the authorities within two months of the end of accounting year, and whether the company early discloses and files its Q1, Q2 and Q3 financial reports and monthly operational results before the regulated deadline?		✓	C. Currently the Company files its financial reports and monthly operational status with the authorities in accordance with "List of Matters Required to Be Handled by Issuers of Listed Securities". The Company has not yet disclosed and reported its year-end financial statement within two months after the end of its accounting year, and had not disclosed and filed its quarterly financial reports and monthly operations earlier than the regulated deadlines. However, the Company has completed the disclosure and filing of its yearly financial report within 75 days after the end of the accounting year.	
8. Whether the company has other important information that might help understand the operation of corporate governance (including but not limiting to information regarding to employees' rights, the consideration for employees, investor relationship, supplier relationship, relationship with interested parties, director and supervisor's further education pursuit, risk management policy and risk measurement implementation, customer policy, insurance procured for directors and supervisors, and etc…)	✓		1、 The Company encourages employees to communicate directly with the management to properly reflect their suggestions on important decisions regarding the Company's operation or employee's benefit. 2、 On the Company's website（www.fuhsing.com.tw）， information about the Company, corporate social responsibility, products and services, investor relationship, human resources, supplier platform are listed in separate sections. Also our contact information including emails, telephone number, and address can be found on the website. (1) The Company has established an e-filing work system to provide investors and interested parties with information that might affect their decision.	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			(2) The Company's directors attend educational training from time to time. (3) Risk management policy and the implementation of risk measurement: Not applicable (this is for securities brokers). (4) Consumer protection or the implementation of customer policy: Not applicable (this is for securities brokers). (5) The company has purchased liability insurances for directors.	
9. Whether the Company provides explanations on the process of improvement on the corporate governance assessment result published by the TWSE Corporate Governance Center and provide prioritized issues and measures for areas that have not been improved? (Companies that are not included in the assessed companies do not fill in this section.) To explain the improvements in 2023 based on the result of the most current year's corporate governance assessments as below: In line with the newly added and revised indicators released in 2023, in the shareholders' meeting, in addition to recording the important content of shareholders' questions and the Company's responses in the minutes of the shareholders' meeting, the entire uninterrupted audio and video will be uploaded after the shareholders' meeting; other execute items include: upload the changes in insider's shareholdings to the M.O.P.S. system every month before the 10th day of the following month, formulate written specifications for financial affairs related operations between related parties, and evaluate the independence and competency of certified accountants with reference to the Audit Quality Indicators (AQIs). , and disclose the evaluation process in the annual report. And yet, withholding the spirit of excellence pursuit, the Company invites relevant departments to convene meetings from time to time to continuously promote and optimize relevant indicators. In January 2024, the Company has conducted a self-assessment in accordance with the Corporate Governance Assessment System established by the Corporate Governance Center of the Taiwan Stock Exchange, and will review and improve the assessment results accordingly afterwards.				

4. The composition, duty, and operation of the Remuneration Committee

(1) Members of the Remuneration Committee

Condition / Identity (Note 1) / Name		Professional Qualification & Experiences	Status of Independence Qualification	Number of other public companies that the committee member concurrently serve as a member in its Remuneration Committee
Independent Director (Convener)	Chang, Ling-Ling	Please see page 19 - Information on Directors (4) for related information	Please see page 19 - Information on Directors (4) for related information	1
Independent Director	Chen, Yung-Chun	Please see page 19 - Information on Directors (4) for related information	Please see page 19 - Information on Directors (4) for related information	0
Independent Director	Chuo, Yung-Fu	Please see page 19 - Information on Directors (4) for related information	Please see page 19 - Information on Directors (4) for related information	0

(2) The Operation of the Remuneration Committee.

1. There are 3 committee members in the Company's Remuneration Committee.

2. Current committee member's term of office: starting from May. 26, 2023 to May 25, 2026. In current fiscal year, 3 meetings were held (A).

The committee member's status and attendances were as follows:

Title	Name	Attendance in Person (B)	Attendance by Proxy	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Convener	Chang, Ling-Ling	3	0	100%	-

Member	Chen, Yung-Chun	3	0	100%	-
Member	Chuo, Yung-Fu	3	0	100%	

Other matters that should be noted:

1. If the Board of Directors do not accept or intent to modify suggestions made by the Remuneration Committee, then date of Board of Director's Meeting, term, content of the motion, resolutions, and reactions to the suggestions made by the members of Remuneration Committee should also be addressed (If the remuneration proposal approved by the Board of Directors is better than the proposal suggested by the Remuneration Committee, the divergence and the reason should also be addressed).
2. For motions that are determined by the Remuneration Committee, if committee members hold objective or withholding comments and such comments are recorded or taken down as written statement, then date of the meeting of Remuneration Committee, term, content of motions, all committee members' opinions and the reactions to the suggestions should also be addressed.

Date of the Meeting of Remuneration Committee/Term & Date (mm/dd/yyyy)	Proposals & Follow-ups	Resolution	How the Company cope with the opinion submitted by the Remuneration Committee
Term 4 /6th Meeting (01/16/2023)	Regular review of "Taiwan Fu Hsing Industrial Co., Ltd. Manager's Remuneration Policy"	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
	Regular review of "Manager's Remunerations and Salary Adjustment Plan"	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
	The review of "2022 Total Remunerations paid to employees, directors and supervisor"	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors

		The Review of “2022 Remunerations paid to manager and employees”	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors	
	Term 5 / 1st Meeting (08/04/2023)	Review of the proposal to assign vehicles for newly promoted vice presidents in 2023.	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors	
	Term 5 / 2nd Meeting (11/03/2023)	Review of the 2023 Mid-Autumn Festival bonus in relation to the Chairman and managers.	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors	

5. The implementation of sustainable development and the discrepancies between the regulated "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and the cause of such discrepancies

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
1. Whether the Company develops and promotes a governance structure for promoting sustainable development, and sets up a unit that is exclusively (or concurrently) responsible for promoting sustainable development, and such unit should be in charged by high level management empowered by the Board of Directors and be supervised by the Board of Directors?	✓		The Company officially set up SER Promoting Committee (renamed as Sustainability Committee in 2022) in December 2013. The Committee was under the jurisdiction of the Board and was equipped with eight functional teams that are respectively responsible for "environmental protection", "responsible products", "supply chain", "corporate governance", "economy", "client care", "employee care", and "society harmony". One execution administrator is appointed to lead the operation of aforementioned teams. Besides compiling the SER execution booklet and SER acknowledgement, the Committee periodically convenes meetings (in every 4 months), and is responsible for making, promoting, auditing, reviewing, and improving the Company's sustainable development related policies. In addition, the Committee also releases the Company's Sustainability Report (originally was called the CSR report) every year, which is disclosed on the Company's website for lookup and download by all interested parties in order to ensure the effects of the implementation of CSR policies. The promotion and execution results of the related polices are resolved in the Board Meeting. Each year, the Committee reports the achievement of	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			sustainability development and its future strategy to the Board at least once per year. In 2023, the execution results and plan have been reported to the Board on November 3rd with the motions including 1) summary of the Sustainability Committee meeting in 2023; 2) the ESG promotion focus in 2023, and 3) 2023 work report by the Risk Management Team, and 4) Report of 2023 Risk of Information Securities. The board of directors listened to the report of the Sustainability Committee at the meeting, and at the same time reviewed the progress of the plan according to the management policy, and gave directions for improvement.	
2. Whether the Company carries out risk assessments in relation to topics including operational related environment, society, and corporate governance, and establishes related risk management policies or strategies based on the principle of materiality? (Note2)	✓		This disclosure covers the sustainable development performance of the company's main bases from January to December 2023, and the risk assessment boundary is mainly based on the company's operations. Referring to AA1000SES (AA1000 Stakeholder Engagement Standards), every year the Sustainability Committee regularly collects topics that might be of stakeholders' interests through various communication channels such as periodicals review, business meeting and voices from shareholders' meetings, and, meanwhile, assesses the degree of impacts that may be caused by these factors in order to define the Company's material topics and goals. Hence, the Company is able to implement an all-aspects risk assessment in relation	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			to its production, human resources, and R&D directions, and further make according managerial policies. Every year based on the assessed risks, the Company would make the related risk management policies or strategy, and provide explanations in the Sustainable Report and on the Company's official website. ● Sustainable Report download: https://www.fuhsing.com.tw/work-report ● Taiwan Fu Hsing Website (the CSR→Sustainable Operation→Risk Management): https://www.fuhsing.com.tw/operate	
3. Environment Related Topics (1) Whether the Company establishes a proper environment management system based on the industry characteristics?	✓		The Company elaborated its environmental facet risk control measures based on ISO 14001:2015 environmental management systems to establish goals for improvements and the related management plans for continuous improvement. Besides, the Company also carries out GHG inventory investigation and disclose the data in the Sustainability Report and the Company's official website (https://www.fuhsing.com.tw/）. ISO 14001:2015, Date of Effectiveness: from Nov. 08, 2021 to Nov. 08, 2024.	No significant divergence
(2) Whether the Company devotes to enhancing energy utilization efficiency and adopts the use of recyclable materials that have lower impact to the environment? (Environmental Safety and Hygiene,	✓		The Company actively promotes various energy reduction measures, reduces the energy consumption of enterprises and products, and optimizes the efficiency of energy use. The total electricity consumption in 2023 was	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
Procurement)			46,942,560 MJ. The overall electricity consumption increased 1%, while the unit electricity consumption slightly increased 24%. The total amount of recycled water was 2,784 tons, increased by 3% compared with 2,702 tons in the base year of 2019. In the future, we will continue to promote the development and improvement of water-saving measures and the use of recyclable water during the production process. In the area of energy saving, in 2023 with energy-saving solution to “replace 93 lighting apparatus with LED lightings in the production areas and save 497,610 MJ”, resources utilization was enhanced, which saved 1.05% power consumption. In terms of green manufacturing, following regulations and standards, the substrates and electronic components used in the Company’s products all comply with EU RoHs standards. At the same time, the Company actively improves the production process to reduce environmentally harmful substances, and in response to the international and government environmental protection pursuits in "promoting plastic reduction, let the earth breathe", we also strive to improve the packaging design. The packaging material is changed from the original PVC material to PET year by year in order to reduce the impact on the environment. The replacement project have been completed in 2023, and is now inventing	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			the related the PCR materials.	
(3) Whether the Company assesses current and future's implicit risks and opportunities in relation to climate changes, and adopts relevant countermeasures?	✓		Through the AEO team, Sustainability Committee, and other managerial units, the Company regularly conducts hazard identification and risk assessment. The results will be reviewed and reacted with responses one by one during daily operations by the departments under each business group and brought up for report and discussion during the Company's monthly operation meeting. In case of major incidents, such will be submitted to the board of directors and the highest decision-making unit for discussion. After evaluation and identification by relevant internal units, the Company has focused on the two aspects, "carbon emission management" and "water resources management", in relation to the issue of climate change in 2023 and has taken corresponding measures. For relevant information, please refer to our website under the chapter "Corporate Social Responsibility/ Sustainable Operation/ Risk Management". (https://www.fuhsing.com.tw/operate).	No significant divergence
(4) Whether the Company compiles information regarding statistics in relation to the past 2 years' green gas emission, total water used, and total wastage, and establishes policies to reduce greenhouse gas emission, water use, and other similar kinds of wastes?	✓		[The Management of GHG] The Company realizes its commitment to sustainable development of the environment, referring to the requirements of ISO14601-1 and the GHG Protocol, and in accordance with the Environmental Protection Administration's Greenhouse Gas Inventory and Management Principles. The	No significant divergence

<table>
<tr><td rowspan="2">List of Assessments</td><td colspan="2">Implementation Status (Note 1)</td><td rowspan="2">Summary & Explanation (Note 2)</td><td rowspan="2">Divergence from the regulated Best Practices and Reasons of the Divergence</td></tr>
<tr><td>Yes</td><td>No</td></tr>
<tr><td></td><td></td><td></td><td>scope of the investigation includes direct emissions (Scope 1) and indirect energy emissions (Scope 2), and other indirect greenhouse gas emissions (Scope 3). The investigation had been completed in July 2023, and was verified by 3rd party verification institution and released in the Company's Sustainable Report and the Company's website in September 2023.

The GHG Emission in the past 2 years:
(Note: the inventory data covers only Taiwan Fu Hsing's factory site and does not include its subsidiaries.)
Unit: tons CO2e
<table><tr><td></td><td>2021</td><td>2022</td></tr><tr><td>Scope 1</td><td>454.1588</td><td>417.2326</td></tr><tr><td>Scope 2</td><td>7742.2972</td><td>6,388.8660</td></tr><tr><td>Scope 3</td><td>11,806.5610</td><td>4,947.8058</td></tr><tr><td>Emission per product unit （$kgCO_2e/m^2$ ）</td><td>0.0005972</td><td>0.0004151</td></tr></table>We used 2021 as the base year and the goal was to reduce 1% emission every year by promoting the control measures to manage in-factory electricity use. Comparing with the base year 2020, in 2022 there was 41.24% reduction in the use of electricity and the goal of carbon</td><td></td></tr>
</table>

<table>
<tr><td rowspan="2">List of Assessments</td><td colspan="2">Implementation Status (Note 1)</td><td rowspan="2">Divergence from the regulated Best Practices and Reasons of the Divergence</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary & Explanation (Note 2)</td></tr>
<tr><td></td><td></td><td></td><td>reduction has achieved.
In order to comply with the international trend of carbon emission reduction, the Company will continue to control air pollutant emissions and to comply with regulatory requirements to implement environmental management and strengthen the environmental protection awareness of all employees to fully implement the commitment to sustainability.
[The Management of Water Consumption]
The Company has long been paying attention to water conservation, starting from the comprehensive implementation of water conservation in daily life, and investing in improvement measures, such as to reduce the frequency of water changes in the process; etc.; at the same time, we are committed to recycling and reusing water resources, measures include the implementation of the recycling of process cleaning water, the recycling of RO wastewater of water dispensers, etc.
The water consumption data in the past 2 years:
Unit: Liter
<table><tr><td>Year</td><td>Total water Consumption</td><td>Water Use per Unit Product (Liter/PCS)</td></tr><tr><td>2022</td><td>52,262,000</td><td>1.85</td></tr></table></td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">List of Assessments</th><th colspan="2">Implementation Status (Note 1)</th><th rowspan="2">Divergence from the regulated Best Practices and Reasons of the Divergence</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary & Explanation (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td></td></tr>
</table>

2023	45,180,000	1.95

In 2023, the total reclaimed water volume of the whole plant was 2,784 metric tons, an increase of 3% compared with the results in the base year 2019 (2,702 metric tons). The goal was successfully met.

[Waste Management]

The Company takes " reduction from the source and the recycle of resources " as the main direction of waste management. We promote recycling and reuse through source management to reduce the harm to the environment, as well as to reduce the cost of waste disposal. In 2023, the Company have obtained the ISO14001 environmental management system verification.

The waste production in the past 2 years:

Unit: Metric Tons

Year	General business waste	Hazardous waste
2022	97.23	9.62
2023	161.96	18.45

Statistics was drawn based on the triplet waste removal and disposal receipt in the waste declaration system of the Ministry of Environment. The Company's total waste output in 2023 was 180.41 metric tons, far below the 1,000 tons permitted for environmental protection purpose. We have entrusted legitimate factories to dispose 100% of the waste in the entire

<table>
<tr><th rowspan="2">List of Assessments</th><th colspan="2">Implementation Status (Note 1)</th><th rowspan="2">Summary & Explanation (Note 2)</th><th rowspan="2">Divergence from the regulated Best Practices and Reasons of the Divergence</th></tr>
<tr><th>Yes</th><th>No</th></tr>
<tr><td></td><td></td><td></td><td>plant.</td><td></td></tr>
<tr><td>4. Social Issues
(1) Whether the Company makes related management policy and procedures according to related laws and International Bill of Human Rights?</td><td>✓</td><td></td><td>For fulfilling the responsibility in human right protection, the Company has followed the spirit of human right protection and basic principles in accordance with various international conventions including the “Declaration of Fundamental Principles and Rights at Work” by the International Labour Organization, UN’s “Universal Declaration of Human Rights”, and UN Global Compact, and commits to abide by labor laws and regulations with the expectation to fully protect the legitimate rights and interests of employees The company's human rights management policies and specific plans are summarized as follows:
<table>
<tr><th>Human Right Management Policy</th><th>Specific Plans</th></tr>
<tr><td>Provide a safe workplace environment</td><td>•Regularly monitors labor work environment, carries out safety and health inspections, and truly implements improvements.
• Employ factory doctor and factory nurse to provide consultation services
• Set up AED and First-Aid kits
• Implement SER and labor safety related educational training
• Formulate epidemic prevention notification and management related</td></tr>
</table></td><td>No significant divergence</td></tr>
</table>

List of Assessments	Implementation Status (Note 1)				Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)		
				operation standards according to the government's epidemic prevention management measures	
			Eliminate unlawful discrimination and ensure equal job opportunities	• Ensure equal job opportunities in accordance with the Personal Data Protection Act and the Act of Gender Equity in Employment. • The RBA policy is implemented for foreign employees, and the company bears the expenses arising from cross-border work, so as to achieve equal treatment without differences in nationality. • Employ specific personnel serving as translators to appropriately reflect the needs of foreign employees and ensure that there is no gap in communication with the company • Provide internship opportunities also for foreign students, and set up mechanisms such as Line group and regular on-site visits to optimize channels of learning and communication	
			Prohibit workplace sexual harassment	• Follow the Sexual Harassment Prevention Act and the Act of Gender Equity in Employment to create a fair workplace that is safe for both all	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			• Set up a sexual harassment complaint window/independent review mechanism	
			Prohibit forced labor • Set a cap for working hour in accordance with the Labor Standards Act, and take the initiative to care about the emotions and workload of colleagues • Utilize attendance management system and record employees' working hours to prevent excessive overtime working • Well plan work shift mechanism following the regulations and the need in manufacturing process to reduce overtime working situation	
			Improve employees' physical and mental development and enhance work-life balance • Organize diverse leisure activities, such as company trip, large-scale sports competitions, art appreciation, etc… to help achieve work-life balance • Conduct health promotion related activities, such as annual health inspection, health-talk seminars, etc… • Encourage employees to form sports clubs and provide subsidies	
			In 2023, the Company implemented human rights protection-related education and training for colleagues, with a total of 1,276.5 hours and a total of 1,240 colleagues (1,240 people) completing the training, and the	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			participation rate was 100%. Looking forward to the future, the company will continue to respond to the international human rights trends, pay attention to the content of the initiatives of the United Nations and other organizations on human rights issues, continue to educate colleagues on the awareness of human rights protection, and reduce the risk of harm.	
(2) Whether the Company makes and implements reasonable employee benefit manners (including salary, vacation and other benefits), and properly reflects the Company's operation performance or achievements on remunerations paid to employees? (To be provided after the compilation of human resources information)	✓		[Overall Remuneration Policy] Salary of the Company's employees depends on their educational background, past experience and professional ability. After taking office, the salary will be adjusted according to their work performance. Salary and labor conditions are guaranteed to be in full compliance with labor laws and international human rights conventions, and the salary level is increased according to market standards and business results. In the past three years (from 2021-2023), the average salary increase rate has reached 4%. Although the company is a labor-intensive industry with a large proportion of grass-roots manpower, according to the annual report of full-time employees, the average salary of grass-roots manpower has exceeded the government's target of 30K per month. [The Link to Business Performance] According to Article 26-1 of the Company's Articles of Incorporation, the Company should distribute no less than five percent of the Company's	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			earning of the current year to employees as remunerations. The overall employee salary includes base wage and over-time pay, and based on the Company's operational performance and employee's personal performance the employee will be also provided with year-end bonuses, holiday bonuses, and employee bonus [Workplace Diversification And Equity] The Company attaches great importance to gender equality, and men and women have equal pay for equal work and equal promotion opportunities. In 2023, the proportion of male and female workers in the Company was 46% and 54%, nearly 1:1, and 32% of the executives were women. In the industry of metal machinery manufacturing, Taiwan Fu Hsing can be regarded having a fairly gender-equal working environment. In terms of nationality background, 16% of the Company's employees are from the Philippines, Vietnam, Indonesia, Thailand, and Malaysia, and all migrant workers are treated equally; and as mentioned above, the Company has implemented the RBA policy for foreign migrant workers since 2020, and the Company paid for the expenses derived from working in Taiwan, and provide employment conditions without differences in nationality. [Vacation] On the basis of two days off on weekends, the company provides paid leave	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			according to laws and regulations, and employee is given flexibility in taking the paid leave (the smallest paid leave unit is "minute"), so that colleagues can make optimal use of the paid leave hours. In case of the need of childcare, serious injury or illness, etc., employees can also apply for leave without pay (unpaid leave), so that employees can take into account the needs of personal and family care. In addition, according to the principle of gender equality, the Company encourages men to share for family responsibility, and so the maternity leave, maternity inspection leave, paternity leave, and family care leave are provided, regardless of gender. [Other Benefits] In order to effectively integrate the company's resources, the company, together with the existing HR staffs and the employee welfare committee formed by the employees, actively formulates various welfare policies and subsidies for employees. A summary of the relevant benefits is as follows: WOHAE (work-style of health and enjoyment) 1. Diverse Activities: year-end meal, various festival activities, art appreciation, or occasional activities arranged for different seasons to create some happiness in hand during work. 2. Various subsidies: subsidies for birthday, major festivals, on-job training, wedding and funeral, etc..	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			3. Staff Lounge: staff lounge is provided for employee to rest and recharge. Healthy and Happy 1. Health management and promotion: Check the health of employees through health check management, and arrange health promotion activities, such as lectures, physical fitness testing, weight loss classes, smoking cessation classes, etc. 2. Medical rescue and services: According to the Occupational Safety and Health Act, the Company employs 2 occupational health nurses, and hire a factory doctor to station in the factory to provide services. In 2023, there were a total of 193 colleagues received medical consulting services from factory doctor. 3. Employee support program: employ professional financial, legal and medical personnel to assist employees in dealing with health, psychological or family problems. 4. Improve sports facilities and subsidies: indoor fitness centers and outdoor multi-purpose sports venues; and encourage employees to set up sports clubs and provide sports incentives and subsidies. FOHAE (Family-style of health and enjoyment) 1. Maternity protection plan: There is a maternity protection plan guidebook to ensure the physical and mental health of pregnant, postpartum, and	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			breastfeeding female colleagues, and to achieve the purpose of maternal health protection. In 2023, 19 colleagues received the support of maternity protection plan. 2. Mother-infant friendly measures: set up breastfeeding rooms, special parking spaces for mothers and children, encourage employees to make good use of parental leave and other mother-infant friendly measures. In 2023, 16 colleagues applied for parental leave and 14 colleagues applied for special parking spaces reserved for mother and children. 3. Child care subsidy: $3,000 is given per year for employee's sons and daughters that are between the age of 3-12 years old (includes kindergarten and elementary school) as after-school child care subsidy. In 2023, 117 colleagues applied for the subsidy with a total of 505,940 dollars grant, benefiting 170 children. 4. Company tour and family day: regularly organize company tour, family day and other fun activities for employees and families 5. Work-study for children of workers: Provide summer work-study opportunities for employees' children, so that they are not only able to earn tuition fees, but also to accumulate work experience. 6. Special store discounts: Sign contracts with high-quality stores in the neighborhood of Gangshan to provide employees with relevant preferential	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			discounts, meanwhile, employees are able to enjoy employee discount while purchasing locks. The Company provides a variety of comprehensive welfare measures that are superior to laws and regulations, and has won the Welfare and Enterprise Gold Award from Labor Affairs Bureau of Kaohsiung City for several times.	
(3) Whether the Company provides a safe and healthy work environment to employees, and regularly holds employee's' safety and health education training?	✓		The Company has set up a unit that is exclusively responsible for the management of occupational safety and health, regularly convenes safety and health committee meeting, establishes and puts into effect of the "safety and health practices" for managing employee's work environment and facilities, periodically handles education training on labor safety and health in order to ensure providing a safe and healthy environment and a continuous improvement mechanism. In 2023 there was no incidents that caused permanent injury or repercussions to any personnel. In the whole year, there were 6 work-related accidents involving 6 people, accounting for 0.5% of the total number of employees at the end of 2023. The Company has strengthened facility safety in areas where incapacitation injuries have occurred, and improved personnel risk identification capabilities by regularly carrying out accident drills and mechanical safety protection audits from time to time. At the same time, it is expected to conduct traffic safety training for employees in 2024, strengthen	No significant divergence

<table>
<tr><td rowspan="2">List of Assessments</td><td colspan="2">Implementation Status (Note 1)</td><td rowspan="2">Summary & Explanation (Note 2)</td><td rowspan="2">Divergence from the regulated Best Practices and Reasons of the Divergence</td></tr>
<tr><td>Yes</td><td>No</td></tr>
<tr><td></td><td></td><td></td><td>traffic safety publicity to improve the driving safety of colleagues and avoid similar incidents from happening again.
The statistics of work accidents in 2023:<table><tr><td></td><td>Workplace accidents</td><td>Traffic accidents</td></tr><tr><td>No. of accidents（person）</td><td>6</td><td>8</td></tr><tr><td>Lost Work Hour</td><td>393</td><td>1938</td></tr><tr><td>percentage of the total number of employees</td><td>0.5%</td><td>0.66%</td></tr></table>The related projects carried out in 2023:
1. Monitor on labor’s work environment: Environmental monitoring is implemented every six months, and the monitoring data is published on the employee bulletin board, so that employees can understand the environment at any time.
2. Inspection system on employee’s safety and health: Safety and health inspections are carried out quarterly. Deficiency, if found, will be immediately sent to the relevant and responsible unit, which is requested for improvement response, and, meanwhile, will be presented in the meeting of Occupational Safety and Health Committee together with all other</td><td></td></tr>
</table>

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			deficiencies of the responsible unit during the year for vigilance and continuous implementation on improvements. There were 84 deficiencies in 2023, and all have been improved 3. Project improvement: Plans implemented including "to improve the leveling of the floor in the working area", "to improve the protection in the machine area", "to apply 1 safety improvement proposal per month", "to carry out on-site safety observation training and implementation", "to invite professional personnel from the Safety and Health Technology Center to carry out plant safety investigation " in order to reduce the Company's work-injury risks. After such implementation, no similar work-related injuries have occurred. 4. Employee physical examination and special physical examination: health examination area is divide into general exam area and special medical examinations. The exam results are managed at different levels. For special physical examinations, employees in workplaces designated for special hazards to health are tested annually, and the results are managed by plant nurses at different levels. In 2023, there were 265 employees accepted physical examination, 204 for special physical examination, and the completion rate was 100%. In addition, the Company regularly conducts annual education and training	

<table>
<tr><td rowspan="2">List of Assessments</td><td colspan="3">Implementation Status (Note 1)</td><td rowspan="2">Divergence from the regulated Best Practices and Reasons of the Divergence</td></tr>
<tr><td>Yes</td><td>No</td><td>Summary & Explanation (Note 2)</td></tr>
<tr><td></td><td></td><td></td><td>for new employees, as well as holds advanced education and training in accordance with the Occupational Safety and Health Act.
A total of 18 training courses were held in 2023, with a completion rate of 100%. The sessions are as follows:
<table><tr><th>Month</th><th>Course Name</th><th>Number of participants</th></tr><tr><td>1-12</td><td>Traffic Safety Training (8 sessions)</td><td>332</td></tr><tr><td>6</td><td>Self-defense fire group education and training</td><td>40</td></tr><tr><td>7</td><td>General education training on Hazard (2 sessions)</td><td>124</td></tr><tr><td rowspan="2">11</td><td>Self-defense fire group education and training</td><td>40</td></tr><tr><td>On-the-job education and training (including human factors engineering promotion)</td><td>1,094</td></tr></table>
Fire accident in 2023: 0, resulting in 0 casualty.
Proportion of casualty to total number of employees: 0%.</td><td></td></tr>
</table>

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			Measures adopted to improve fire related disaster: regular fire drills, regular fire related inspection and maintenance.	
(4) Does the Company establish an effective career development training program for employees? (To be provided after the compilation of HR information)	✓		The Company has established a comprehensive and diversified training system for employees, including newcomer training, on-the-job training, coaching practice, rotation system, lectures on various topics, etc. We hope that through rich and diversified learning channels and appropriate career development plans, all the colleagues will have the opportunity to work freely in the Company, so that we are able to move towards the goal of sustainable talent and diversity and inclusion, so as to stimulate the team's innovation ability and enhance the enterprise Capacity [Annual training practice] A total of 1,416 people have completed regular education and training in 2023. Contents of the education include internally managed newcomer training, hierarchical training, on-the-job general and professional training, AEO and SER annual refresher training, project talent training courses, and external trainings in relation to various job systems. The total annual training hours was 12,325 hours, and the average training hours per person is 8.7 hours. [Establishment of a self-learning mechanism] In order to drive the transformation of organizational culture, with the goal of	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			"autonomous learning", we developed personalized learning paths to help talents realize themselves and connect learning results with work results to achieve organizational goals. In 2023, we have added 12 hours of professional functional trainings per year to the KPI target for all indirect employees to strengthen employees' self-development capabilities and increase the emphasis on employee education and training. [Development of various learning modes] We provide employees with diversified learning options through various training channels and resources. The contents include supervisor's reading circles and book clubs, diversified online learning resources, female supervisors of and above the level of section unit participating in the "Diversity and Inclusion Group Workshop" to cultivate diversity viewpoints, the planning of special column TOFU with current news topics for instant communication and sharing of new knowledge, etc.	
(5) In the light of issues including customer's safety and health in relation to the Company's products and services, customer's privacy, marketing, and labeling, whether the Company follows relevant laws and international standards, and formulate relevant policies and complaint procedures for the protection of consumer or customer rights and interests?	✓		The company attaches great importance to the health and safety of our products to consumers. When developing products, regardless of the selection of raw materials, surface treatment processing methods and product packaging materials, all comply with the laws and regulations of the country where they are sold, and have passed the requirements of a number of international product testing and certification. A brief description is as	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			follows. For further information, please refer to the Company's Sustainability Report. Taiwan ● Comply with CNS3928 certification 20/40 grade product specification, and have obtained the orthographic mark from the Bureau of Standards, Meteorology and Inspection, M.O.E.A. ● Electronic products all have passed the NCC Standards. Europe ● Comply with the safety standards (EN) of CE certification, and also obtain different test certifications for the sales needs of different regions in Europe, and regularly maintain the certification qualifications. ● All electronic products have passed the RoHs regulations. North America ● Equipped with a testing laboratory that complies with BHMA/ANSI certification capabilities, to confirm the installation and use in transportation and different environments meet the requirements of the specification. ● Commercial G2/G1 grade products pass the tests and have obtained BHMA LISTIG	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			● Electronic products are certified by US FCC and Canada IC certification and are confirmed the compliance in electromagnetic interference and radio frequency ● Products with high safety standards are also matched with the application for UL fire protection standard certification, and products are designed to conform to fire protection regulations in different regions, such as Australia AS1428 or U.S. California;s fire protection requirements for door locks. ● The newly developed G2 commercial horizontal lock meets the barrier-free design standards of the ADA (Disabled Persons Act). In terms of customer privacy, the company has obtained the AEO enterprise certification since 2011, and strictly controls the security of business partners, information technology security, cargo security and other matters, and obtains the certification on a regular basis. At the same time, we continue to sign confidentiality contracts with new suppliers to help secure customer's information. In 2023, there was verified 0 confirmed incidents of information leakage, theft or loss of customer data. For the rights and interests of customers, the Company conducts customer satisfaction surveys every year, and provides after-sales service and multiple customer service channels for products, such as e-mail, telephone, fan page,	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			etc., to accept and handle customer complaints. In 2023, the number of complaints from the outside and being confirmed by the organization was zero.	
(6) Whether the company formulates a supplier management policy, requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		Through the close cooperation of procurement, technology and quality assurance departments, the Company conducts supplier inspection and improvement through new supplier evaluation, supplier evaluation, social and environmental responsibility evaluation system, AEO on-site audit and counseling and other channels., and share information on important topics such as safety, corporate social environment and responsibility, and hopes to jointly build a more competitive, safe and reliable supply chain with suppliers. Supplier audit In order to extend corporate social and environmental responsibilities to the supply chain, the Company has proactively initiated an evaluation system to classify suppliers into low, medium and high risk groups. According to the "Vendor Social and Environmental Responsibility Evaluation Form", the Company conducts ethical and moral evaluations in factories. , labor, occupational safety and health, environment and other on-site inspections. In 2023, a total of 12 supplier social and environmental audits were carried out, and the assessment results all met the required standards. New Supplier Evaluation	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			All new suppliers are required to sign the "Social and Environmental Responsibility Statement". In 2023, 100% of new suppliers were screened using the labor practice standards, and all of them passed the evaluation and signed the "Social and Environmental Responsibility Statement". Supplier Counselling In addition to conducting audits and evaluations, the Company has provided substantial assistance and guidance to suppliers to improve and pursue progress. We provide tailor-made "Supplier Improvement Projects" for manufacturers with low ratings, and convene management, quality assurance, technical and other related personnel to discuss and improve issues such as delivery time, quality, and technology according to the different conditions of each company. In 2023, supplier's audit results were all in line with the standards, so no counseling project was arranged.	
5. Whether the Company compiles Sustainability Report or other non-financial related reports according to the international reporting standards or guidelines? Whether the aforementioned reports have obtained verification or assurance opinion from any third-party verification units?	✓		Haven't been mandatory requested by the FSC and yet the Company has voluntarily publicized Sustainability Report starting from 2014 due to self-discipline and the goal of sustainable operation. The Sustainability Report is complied according to the GRI Standards to meet the principles and structures. In 2021, we further integrated in the SASB (Sustainability Accounting Standards Board) standards. The 2014 report has been verified by SGS and AA100-, and for the later years, the reports were updated on the	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			Company's official website under the "CSR" section for the use by all stakeholders.	

6. If the company follows "Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies" to establish the Company's rules specifically for sustainable development, then the Company should also state the implementation status and the divergence between the real practices and the rules:

There was no divergence between the real practices and the rules.

7. Other important information that might help to understand the operation of the sustainable development practices:

The Company attaches great importance to corporate sustainability and is committed to promoting various ESG projects to drive the integration and mutual benefit of enterprises and the community. The following external affirmations have been obtained in 2023:

- Received the SDG 11 Silver Medal in the 3rd TCSA Taiwan Corporate Sustainability Award.
- Received the Silver Award at the 2023 7th TAIPEI GOLDEN EAGLE MICRO MOVIE AWARD.
- Received the "Corporate Culture Award" in the 16th Art and Business Awards held by the Ministry of Culture.
- Recognized as a benchmark corporate in the OHS SDGs Recognition.

For the related execution results, please go to Taiwan Fu Hsing's website. (（https://www.fuhsing.com.tw/news）

6. Climate related information for listed companies

(1) The execution status of climate related information

<table>
<tr><th>Items</th><th>Execution Status</th></tr>
<tr><td>1.Describe the Board and the Management’s supervision and governance on climate related risks and opportunities.</td><td>(1) The sustainable development execution unit reports the results of the ESG plan to the board of directors every quarter, assesses the risks and impacts of climate on corporate operations, and proposes responding suggestions.
(2) The sustainable development execution unit formulates policies and improvement goals based on the resolutions reached by the board of directors, and hands such over to relevant groups for implementation of the goals.</td></tr>
<tr><td>2. Describe how the identified climate risks and opportunities impact the Company's business, strategy, and finances (short-term, medium-term and long-term).</td><td>The Company performs the identification of climate change risks and opportunities and refers to the guidelines issued by Task Force on Climate-related Financial Disclosure (TCFD), domestic and foreign climate change research reports, and peer’s climate risk assessment reports, to collect climate change-related risks and opportunities and to identify them at the same time. An inventory of climate-related risks and opportunities that impact the Company’s business is as follows:

(1)Climate risks
<table><tr><td>NO</td><td>Risks</td><td>Potential financial impact</td><td>Duration of the influence</td><td>Action adopted</td></tr><tr><td>1</td><td>Failure to respond</td><td>Impact corporate</td><td>Medium-</td><td>Comply with legal</td></tr></table></td></tr>
</table>

	to the need of sustainability immediately.	image Reduce orders.	term Long-term	regulations and customer's needs
2	Failure to make technological transformation in response to extreme climate impacts	Increase in energy cost	Medium term & Long term	Evaluate and develop new technologies and use new and efficient energy sources
3	Natural disasters suspend operation of production lines suspended, production capacity reduced or interrupted due to natural disasters	Income decrease Reduce in profits Discard of assets	Short-term & Medium-term	Develop BCP continuity operations plan

(2) Climate opportunities

NO	Opportunity	Potential financial impact	Duration of the influence	Action adopted

	1	Increase green investment	Increase investment income	Short-term	Evaluate to participate in the sustainable development bonds promoted by the TPEx
	2	Import digital products and services	Increase sales revenue	Medium-term & Long-term	Develop and promote low-carbon products and services, and assess carbon footprints
	3	Select to purchase renewable energy and green buildings	Decrease energy costs	Medium-term & Long-term	Purchase green energy certificates or energy-saving equipment, and evaluate renewable energy for self-use
3. Describing the financial impact of extreme climate events and transition actions.	Extreme weather events, such as super hurricanes, the southward movement of the polar vortex, and forest fires caused by heat waves, have become more frequent in recent years. These extreme weather events may possibly cause temporary interruptions in the Company's operations or all or part of the upstream and downstream supply chains, and				

<table>
<tr><td></td><td>furthermore may thereby causing financial and business losses. The transformation actions are mainly related to corporate activities in response to energy conservation, carbon reduction and sustainable development. It is inevitable that in order to achieve the carbon neutrality goal, capital expenditure will be increased to a certain extent, which will lead to Increased operating costs. In addition, increased operating costs will affect product pricing. The Company will try its best to deepen communication with customers and stakeholders in the hope of reducing such impacts on our financial performance.</td></tr>
<tr><td>4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.</td><td>Same as the explanations on No.2.</td></tr>
<tr><td>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used should be explained.</td><td>The Company does not use scenario analysis to assess resilience to climate change risks.</td></tr>
<tr><td>6. If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformation risks.</td><td>The Company has not yet formulated a transformation plan for climate-related risks, but is currently planning one.</td></tr>
<tr><td>7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.</td><td>The Company does not use internal carbon pricing as a planning tool.</td></tr>
<tr><td>8. If climate-related goals are set, the activities covered, the scope of greenhouse gas emissions, the planning schedule, annual achievement progress and other information should be explained; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, source and quantity of offset carbon reduction credits or quantity of renewable energy certificates (RECs) should be explained.</td><td>(1)Climate change
<table>
<tr><th>2023 promote plans and goals</th><th>2023 execution status</th><th>Medium and Long-term goals（Completed for 2030）</th></tr>
<tr><td>■Electricity unit product density dropped by 3%</td><td>■Electricity unit product density slightly</td><td>■Electricity unit product density to reduce by 5%~8%</td></tr>
</table></td></tr>
</table>

	compared with the previous year. ■Complete solar green power construction and green power certificate evaluation. ■Training talents in the headquarter with regards to greenhouse gas inventory. ■Carbon emission reduced by 1%. (Scope I, Scope II) ■Obtain ISO 50001 Energy Management Certification.	increased by 24% comparing to the previous year. The goal was not met. ■For coping with the implementation of government policies, the construction of solar power and the obtain of green power certificates is still under evaluation. ■Staff Liu, Chia-Chang and Tsai, Wen-Chang were appointed to attend the ISO14604 training on 5/10 and staff Wu, Yi-Chen and Hsieh, Wan-Lin to attend the ISO 14067 training. ■We are still evaluating to obtain the ISO 50001 Energy Management	comparing to the previous year. ■Complete solar power construction. ■Completed the greenhouse gas inventory and verification of 8 subsidiaries in the consolidated statements in accordance with the Financial Supervisory Committee. ■Reduce carbon emission by 3%~5%（Scope I and III）.

	<table><tr><td></td><td>Certification.</td><td></td></tr></table> (2) The company does not use carbon offset or renewable energy certificates (RECs).
9. Information regarding greenhouse gas inventory and assurance status, and carbon reduction targets, strategies and specific action plans (additional state in a and b).	Please see explanations a and b as below.

A-1 The Company's GHG inventory and assurance status in the most recent two years.

a. Information regarding Greenhouse Gas (GHG) Inventories

Describe the emission volume (metric tons CO2e), intensity (metric tons CO2e/million dollars) and data coverage of greenhouse gases in the past two years.

Coverage	Taiwan Fu Hsing industrial Co., Ltd.			
Base Year	2021			
Year	Emission in 2021 (metric tons CO2e)	Density in 2021 (Emission (metric tons CO2e)/ Net profits (NT$1mn))	Emission in 2022 (metric tons CO2e)	Density in 2022 (Emission (metric tons CO2e)/ Net profits (NT$1mn))
Scope I	454.1588	0.6804	417.2326	0.4586
Scope II	7742.2972	11.5993	6,388.8660	7.0226
Scope III	11,806.5610	17.6883	4,947.8058	5.4386

b. Information regarding Greenhouse Gas (GHG) assurance

Descript the assurance status in the last two years as of the publication date of the annual report, including the scope of the assurance, the assurance institution, assurance standards and the assurance opinion.
There was no assurance performed in the past two year.

(2) GHG reduction goal, strategy and specific action plan

Describe the greenhouse gas reduction's base year and the statistics, reduction targets, strategies, specific action plans and achievement of reduction targets.
Base year of the Company's greenhouse gas (GHG) reduction: 2021 GHG reduction goal in 2023: 1.Electricty unit product density decrease by 3 % comparing to the previous year. 2.Complete solar power construction and evaluate to obtain green power certificate. 3.Cultivate talents in the headquarter for GHG inventory investigation. 4.Carbon emission reduce by 1% (Scope I, Scope II). 5.Obtain ISO 50001 Energy Management Certification. GHG reduction actions carried out in 2023: 1.Electrity unit product density slightly increased by 24% comparing to previous year, goal was not achieved. 2.Works carried out in accordance with regulations set by the government, and the construction of solar power and obtain of green power certification are still under evaluation. 3. Staff Liu, Chia-Chang and Tsai, Wen-Chang were appointed to attend ISO 14064 training on 5/10, and staff Wu, Yi-Chen and Hsieh, Wan-Lin were appointed to attend ISO 14067 training.

4. We are still evaluating to obtain ISO 50001 Energy Management Certification.

7. The implementation of ethical operation and the divergence and cause of divergence between real practices and the regulated Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
1. Ethical Management Policy Establishment and Plan				
(1) Whether the company establishes Board approved ethical management policies and explicitly states, in the Company's Articles of Incorporation and other external correspondences, the Company's policy and method toward ethical management, as well as the promise made by the Board of Directors and the Company's management to carry out such ethical management policies actively and honestly?	✓		(1) The company has its own "Ethical Management Principles". A legal unit is empowered to handle the work procedures and the amendment, execution, explanation, consulting, recording & filing, and execution under supervision of such behavior guidance. If it is notified of dishonest behavior, such will be reported to the board of directors as a special project with regard to the handling method and follow-up review and improvement measures.	No significant divergence
(2) Whether the Company establishes risk assessment mechanism for unethical behaviors to regularly analyze and assess higher unethical behavior related operation activities within the Company's business scope and set up prevention manners to prevent unethical behaviors that at least includes all the behaviors mentioned in Article 7-2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		(2) The Company has established "Guidance for Ethical Operation Procedures and Behaviors" and "Internal Whistle Blower Guidelines" in the light of 7 behaviors mentioned in Article 7-2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies". The guidance and guidelines were separated upon its functions by the legal department to internal audit, intelligent right,	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			marketing, and other related departments to carry out internal audit and make ethical behavior agreements. It is hoped such control manners are able to prevent the occurrence of such unethical behaviors and lower the risk brought by ethical behaviors.	
(3) Whether the Company prescribes prevention programs to guard against unethical conducts and clearly stipulates work procedures, behavioral guidance, punishment at violation, and complaint system in each program and truly executes the stipulation, and whether the Company regularly examines and modify the aforementioned stipulations?	✓		(3) The Company has established "Guidance for Ethical Operation Procedures and Behaviors" and "Internal Whistle Blower Guidelines" to ensure the implementation of ethical operations. The Company establishes effective accounting system and internal audit systems, and the internal audit personnel regularly reviews and examines the compliance of the aforementioned systems .	
2. Ethical Operation Implementation				
A. Whether the company assesses corresponding parties' past credit histories and explicitly sets up ethical behavior clause in any of the contracts signed with the corresponding parties?	✓		A. The company has continually set up ethical behavior clauses in business contracts with corresponding parties.	No significant divergence
B. Whether the Company establishes a unit that is exclusively responsible for promoting corporate ethical operation and reporting its ethical operation policies, manners used to prevent unethical conducts and the inspection on the execution status to Board of Directors regularly (at least once a year)?	✓		B. Article 5 of the "Guidance for Ethical Operation Procedures and Behaviors" sets up the standard for the dedicated unit: The Company shall appoint its legal unit to handle the related works and supervision of the execution in relation to this Guidance.	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			The dedicated unit shall report regularly to the Board of Directors in relation to its ethical operation policies and manners used to prevent unethical conducts, as well as the supervision of the monitoring status.	
C. Whether the company establishes conflicts of interest prevention policy, provides proper declaration channels, and truly carries out the policy?	✓		C. The company has "Work Rules" that clearly states that Fu Hsing employees cannot use their authority of office to gain benefits for themselves or for others and Fu Hsing employees cannot accept gifts and services, collect rebates or have other illegitimate benefits due to official conducts or infringed official conducts. Meanwhile, the Company also states the whistle blower communication channels in Clause 4 of the "Internal Whistle Blower Guidelines".	
D. Whether the Company has already established effective accounting system and internal control system to implement ethical operations, and empowers internal audit unit to establish according audit plans based on the assessment results in relation to the risks of unethical conducts, and to verify the compliance status of the plans to prevent unethical conducts according to the audit plans or entrust accountants to execute such verification?	✓		D. The company has established effective accounting system and internal control system to ensure the implementation of ethical operations. The internal audit unit also periodically verifies the compliance state to follow the aforementioned systems and report in writing regularly to the Board of Directors. In addition, all the departments every year are requested to self-inspect their own internal control systems to ensure the effectiveness of such system's design and execution.	
E. Whether the company regularly holds internal or external education training in the light of ethical operations?	✓		E. The Company handles the promotion and training in relation to ethical operation related issues as regulated principles to strengthen the concepts of honesty operation and morality. While was involving in any	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			business activities, the Company explains the Company's polices and rules in relation to ethical operation. While was singing contract with others, the Company also brought into the concept of ethical operations into contract terms. **Internal training** (1) The "SER Annual Re-training Session" / Date of training: 11/27/2023~12/1/2023. Number of employees received training: 1,167 persons. Training hour: 1 hour. (2) "Superintendents' SER annual retraining session" / Date of Training: 12/14/2023. Total number of superintendents received training: 73 persons. Training hour: 1.5 hours. (3) "Authorized Economic Operator's (AEO)Supply Chain Safety Annual Re-Training Session" / Date of training: 11/27/2023-12/1/2023. Number of employees received training: 1,167 persons. Training hour: 1 hour. (4) "AEO Supply Chain Training (includes suspicious mails and packages, cargo safety, cargo safety and information security)" / Date of Training: 5/22/2023. Number of persons received training: 10 persons. Training hour: 1 hour. Training:05/26/2023. Number of persons received training: 48	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			persons. Training hour: 1 hour. **External training:** (1) "2023 1H and 2H – Financial and accounting supervisors must know seminar" / Date of Training: 04/20/2023 & 10/16/2023. Number of persons received training: 1 persons. Training hour: 5.5 hours. (2) "Continuous Education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchange" / Date of training: 6/15/2023. Number of persons received training: 1 person. Training hour: 12 hours. (3) "How can accounting personnel works with operating departments to prepare annual plans and budgets? " / Date of training: 6/20/2023. Number of persons received training: 2 person. Training hour: 12 hours. (4) "2023 PWC Taiwan Digital Product Briefing Session" / Date of training: 11/17/2023. Number of persons received training: 1 person. Training hour: 3 hours. (5) "ESG Sustainability + News on the new regulations on Self-Compilation of Financial Reports" / Date of training: 7/31/2023. Number of persons received training: 1 person. Training hour: 6 hours.	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			(6) "Common deficiencies in financial report review and practical analysis of important internal control regulations " / Date of training: 10/24/2023. Number of persons received training: 2 person. Training hours: 6 hours. (7) 2022 Symposium on Promoting the Adoption of IFRS in Taiwan / Date of training: 11/23/2023. Number of person received training: 1 person. Training hour: 3.5 hours. (8) "Digital Transformation of internal Audit and the Application of New Technologies" / Date of training:4/13/2023. Number of person received training: 1. Training hour: 6 hours. (9) "Corporate to carry out sustainable ESG" and "The integration and application of internal audit and internal control seminar" / Date of training: 10/27/2023. Number of person received training: 1 person. Training hour: 6 hours. (10) "To read, analyze, and apply of financial statements" / Date of training: 10/31/2023. Number of person received training: 1 person. Training hours: 6 hours. (11) "Policy analysis and internal audit and internal control practices for enterprises to improve ability to prepare financial reports on their own" / Date of training: 11/02/2023. Number of person received	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			training: 1 person. Training hour: 6 hours.	
3. The Operation of Accusation (Whistle-Blowing) System				
A. Whether the Company establishes specific accusation and awarding system and creates convenient accusation channels, and whether proper personnel are appointed to investigate the being reported person and handle the case?	✓		A. The already made "Social and Environment Responsibility Statement" and "Internal Whistle Blower Guidelines" are explicitly expressed specific the company's whistle blowing system. The President Office is assigned to be the accusation receiving unit.	
B. Whether the Company sets up standardized investigation work procedures after accepting claims, regulates actions to take after the investigation and establishes related security system while handing the accusation cases?	✓		B. The company has set up "Social and Environment Responsibility Statement" and "Internal Whistle Blower Guidelines". Complaints made by the company's employees should be directly sent to the President Office. Superintendent of the accepting unit may convene "Complaints Review Committee" depends on the complaint contents to discuss and make further process on the complaint cases. However, the superintendent of the complainant should not be included as one of the Complaint Review Committee members.	No significant divergence
C. Whether the company adopts some protection mechanism to protect reporter from encountering improper punishment?	✓		C. The company has set up "Social and Environment Statement" and "Internal Whistle Blower Guidelines" to serve as a guideline to process all the complaint cases. In order to protect complainant's personal information, all the process and handled in anonymous manner during the process. All the progress and results are secretly protected to prevent the complainant from differential treatments.	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
4. Information Disclosure Enhancement Whether the company discloses the contents of ethical operation criteria and the implementation efficacy on the company's website and on the Market Observation Post System?	✓		The Company has established "Guidance for Ethical Operation Procedures and Behaviors" and disclosed the related information on the company's website and on the M.O.P.S. Meanwhile, following other related laws and regulations, the company also uses the guidance as a basis of the Company's ethical operation and management.	No significant divergence
5. If the Company follows "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" to establish the company's ethical management rules, then the company should also state the implementation status and the divergence between the real practices and the rules: None.				
6. Other important information that might help to understand the operation of ethical management practices: A. The company follows the regulations and rules stated in the Company Act, Securities and Exchange Act, Business Entity Accounting Act, related chapters for TWSE/TPEx listed companies and regulations relating to other commercial behaviors and takes such rules and regulations as basis to carry out ethical management practices. B. The company has established Board of Director's conflict of interest system in its "Rules of Procedures for Board of Director's Meeting". During the Board of Director's Meetings, if any director or director's represented corporation has conflict of interest on motions submitted on the meeting and such conflict of interests matter may bring risks to harm the company's benefit, then the director must state his comment on the motions and answer all related question. Besides, the director should not enter in to the motion's discussion or voting and should avoid his presence while the motion is brought up for discussion and voting. He cannot execute any voting right on the motion even if acting for directors. C. The company has established "Management Procedures to Prevent Insider Trading". The company carries out education training and guidance on the company's directors, managers, employees, important information related units, and objects of the important information, and signs confidentiality agreement with them. Besides, the company also irregularly checks on insider's security trading information to see if there is any extraordinary trading circumstances and pays special attention on the management and storing of document, files, and e-records relating to the company's important information.				

8. If the company has established its own ethical corporate management principles and related policies, then the inquiry method should also be addressed: The company has promulgated Social and Environment Statement, Ethical Corporate Management Principles, Rules of Procedures for Shareholders' Meeting, Rules of Procedures for Board of Director's Meeting, Internal Whistle Blowing Guidelines, Work Procedures to Handle Significant and Important Information, The Policy and Procedure of Risk Management, and a comprehensive internal control and internal audit system. All the related information has been disclosed on the company's website for meeting with employees' inquiries and truly carrying out and promoting Taiwan Fu Hsing's corporate governance system.
9. Other significant information that will provide a better understanding of the state of the company's implementation of corporate governance may also be disclosed: No.
10. Corporate governance related continuing education listed below were courses taken by managers:
"Continuing training courses for accounting executives in security issuers, security firms, and stock exchange" held by Accounting Research and Development Foundation, "2023 1H Financial and accounting supervisors must know", "2023 2H Financial and accounting supervisors must know", and "PWC TAIWAN Digital product seminar" held by PwC Taiwan, and "2023 For a Better Future" held by Commonwealth Magazine, "New Southbound Market Business Lecture_ Focus on investment taxation of Southeast Asian enterprises" and "2023 New Southbound Market Business Lecture _Operational risk management and factory management in South East Asia" held by Taiwan External Trade Development Council.

11. The implementation of internal control system

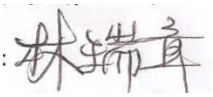
(i) Statement of internal control system

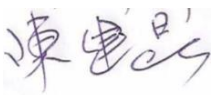
Date: March 6th, 2024

In the light of the Company's 2023 internal control system, the Company is hereby made the following statement based on the results of self-assessment.

A. The company acknowledges that the Board of Directors and management personnel are responsible for establishing, performing, and maintaining an Internal Control System. The system has already been duly established in the company with purposes to provide a reasonable assurance of the company's efficient and effective operations (including the profits, performance and safeguard of assets, etc…), to ensure the reliability of financial reports, and to reasonably assure the compliance to applicable laws and regulations.
B. The company also acknowledges that the Internal Control System has inherent constraints irrespective of how comprehensive the system design is and therefore could only provide a reasonable assurance on the three above-mentioned goals. In addition, due to changes in the environment and circumstances, the effectiveness of the Internal Control System may vary accordingly. Nevertheless, the Internal Control System is equipped with self-monitoring mechanisms. Should any flaws be recognized, the company would enforce corrective measures immediately.
C. The company evaluates the effectiveness and execution of its Internal Control System according to the guidelines defined in the "Regulations Governing Establishment of Internal Control Systems by Public Companies ("the Guidelines" hereinafter) set forth by the Financial Supervisory Commission. The Guidelines divide the internal control system into 5 major elements: 1) Control environment; 2) Risk assessments; 3) Control operations; 4) Information and communication; 5) Monitoring. Each element includes certain factors. Please refer to "the Guidelines" for the detailed factors.
D. The company has assessed and evaluated the design and execution effectiveness based on above-mentioned internal control system assessing elements.
E. On the basis of the self-assessment, the company is of the opinion that the company's Internal Control System (including the governance to its subsidiaries) on Dec. 31st, 2023, including the understanding of the efficiency and effectiveness of operations and achievements, reliability, timing, and transparency of the company's report, and the compliance to applicable laws and regulations due to the design and execution of its Internal Control System, is effective and provides a reasonable assurance of achieving the above-mentioned goals.
F. The Statement of Internal Control System will be a prominent feature of the company's annual report and prospectus. It will also be released to the public. Should any statement herein involve forgery, concealment or any other illegalities, liabilities stated in Articles 20, 32, 171, and 174 of the Securities and Exchange Act shall apply.
G. The statement has been approved in the Board of Director's Meeting on March 6th, 2024 with 10 directors presenting at the meeting and 0 holding objection opinion on the contents of this Statement of Internal Control System.

Taiwan Fu Hsing Industrial Co., Ltd.

Chairman :  Signature

President:  Signature

(ii) If the company is requested by the Securities and Futures Bureau to entrust

accountants to audit its internal control system, the company should also disclose the accountant's audit report: Not applicable

12. Regulatory authorities' legal penalties to the company and its employees, and the company's punishment to its employees due to violation to the company's internal control policy in the most current fiscal year and the current fiscal year until the printing date of this annual report: None.
13. Important resolutions made in the Shareholders Meeting and Board of Director's Meeting in the most recent fiscal year and up until the printing date of this annual report
    (1) General Shareholders' Meeting

Date	Important Resolutions	Execution Status
May 26, 2023	Adoption of the 2022 financial statements and proposal of earnings distribution.	On May 26, 2023, the Chairman resolved to set the ex-dividend date on June 19th, 2023 and July 5th, 2023 as the cash dividend distribution date.
	Fully re-election of directors	Registration approved by the Ministry of Economic Affairs and announced in the Company's website on 06/15/2023.

(2) Board of Director's Meeting

Date (mm/dd/yyyy)	Important Resolutions
2023 1st Meeting 01/16/2023	To review 2023 Business Plan
	To review "Total Remuneration Paid to Employees and to Directors in 2022"
	To review the proposal to approve "2022 Remuneration Paid to Managers and Employees"
2023 2nd Meeting 03/8/2023	To discuss the plan to set up a subsidiary in Southeast Asia
	To adopt the 2022 financial statements
	To resolve on the 2022 earnings distribution plan
	To discuss the independency and competency of accountants and the appointment of certifying accountants
	To discuss the proposal to fully re-elect directors of the board
	To discuss the proposal to lift the restrictions on the Company's newly elected directors and the representatives
2023 3rd Meeting 05/5/2023	To discuss the 2023 Q1 Consolidated report
2023 4th Meeting 05/26/2023	The first board meeting after full re-election of directors, to elect the chairman of the board.
	To discuss the proposal to re-elect committee members of the Remuneration Committee
2023 5th Meeting 08/04/2023	To discuss the 2023 Q2 Consolidated report
	To discuss the establishment of the Company's "Rules Governing Financial and Business Matters between the Company and its Affiliated Enterprises"
2023 6th Meeting 11/03/2023	To discuss the 2023 Q3 Consolidated report
	To discuss the 2024 Audit plan
2024 1st Meeting 01/26/2024	To review 2024 Business Plan
	To review "Total Remuneration Paid to Employees and Directors in 2023"
	To review "2023 Remuneration Paid to Managers and Employees"
	To discuss the proposal to change the Company's governance superintendent
2024 2nd Meeting 3/6/2024	To adopt the 2023 financial statements
	To resolve on 2023 earnings distribution
	To discuss the appointment of certifying accountants
	To discuss on the proposal to remove the non-compete restrictions on the designated representative of the Company's corporate director, Hong Cheng Investment Co., Ltd.

14. Whether any director has different opinions on the approved important resolutions during the Board of Directors' Meetings in the most recent fiscal year and up until the date of printing of this annual report and such different opinions were recorded or taken down as written statement: None
15. The summary of post resignation or dismissal of personnel whose job might be relating to

the company’s financial reports, who may include the Chairman, CEO, Accounting supervisor, financial supervisor, internal audit supervisor, corporate governance supervisor, and R&D supervisor, etc.., in the most recent fiscal year and up until the date of printing of this annual report: In line with job adjustment in 2024, the corporate governance superintendent was changed from Chief Financial Officer Li, Kuo-Wei to Legal Affairs Manager, Shih, Po-I.

(5) Information on the fees paid to certifying accountants

Audit fees and non-audit fees paid to certified accountants, their affiliated firms and related companies is as follows:

NT$1,000

Name of Accounting Firm	Name of Accountant	Review Period	Audit Fee	Non-Audit fee	Total	Remark
PwC Taiwan	Wang, Chun-Kai Wu, Chien-Chih	2023	2,990	5,259	8,249	Non-Audit fee is paid for the consulting services with regards to subsidiary's capital reduction issue, tax compliance audit and service of transfer pricing
PwC Taiwan	Wang, Kuo-Hua Wu, Chieh-Chih	2022	2,990	1,200	4,190	Non-Audit fee is paid for tax compliance audit and the service of transfer pricing

a. If the accounting firm is changed and the audit fees paid in the year of change are less than the audit fees in the year before the change: None.

b. Audit expenses decreased by more than 10% compared with the previous year: None.

(6) Information on the Replacement of Accountants

Information on the replacement of certifying accountants in the most two recent fiscal years is as follows:

1. About former certifying accountant

Date of Change	Resolved in the board meeting on 03/08/2023		
Reason of the change and explanation	Due to PwC Taiwan internal administration structure adjustment, starting from the first quarter of 2023, accountants, Wang, Chun-Kai and Wu, Chien-Chih, replaced certifying accountants, Wang, Kuo-Hua and Wu, Chien-Chih, to be current certifying accountants.		
Indicate that the appointer or accountant has terminated or refused to accept the appointment	The party involved / Situation	Accountant	Appointed Person
	Voluntary termination of appointment	Not applicable	
	No longer accept (continue) appointment		
Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years	None.		
Having the different opinion with the issuer?	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Audit scope or steps
		-	Others
	No	✓	
	Explanation: Not applicable		
Other disclosures: (As required in Article 10, Paragraph 6, Item 1-4 to Item 1-7 of this Code)	None.		

2. About successor certifying accountant

Name of accounting firm	PwC Taiwan
Name of Accountants	Accountant Wang, Chun-Kai Accountant Wu, Chien-Chih

Date of appointment	Resolved in the board meeting on 03/08/2023.
Consultation matters and results regarding accounting treatment or accounting principles for specific transactions and possible issuance of opinions on financial reports before appointment	No difference
The successor accountant's written opinion on matters with which the predecessor accountant disagrees	None

3. Reply from the former accountant to matters 1 and 2-3 of paragraph 6 of Article 10 of the Standards: Not applicable.

(7) Whether the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: No

(8) Information on share transfer and pledge of stock right changes by directors, managers, and major shareholders at the most recent fiscal year and up until the printing date of this report

Title	Name	2023		Jan. 1st, 2024 ~ Mar. 30th, 2024	
		Increase (Decrease) of shares held	Increase (Decrease) of shares pledged	Increase (Decrease) of shares held	Increase (Decrease) of shares pledged
Chairman	Lin, Jui-Chang	0	0	0	0
Director & President	Chen, Chien-Kun	0	0	0	0
Director	Representative of Hong Cheng Investment Co., Ltd.: Lin, Tzu-Hsuan	0	0	0	0
Director	Representative of Fu Zhi Investment Co., Ltd.: Chu, Jung-He	0	0	0	0
Director	Representative of Fu Zhi Investment Development Co., Ltd.: Michael A.Hoer	0	0	0	0
Director	Representative of Fu Yuan Investment Co., Ltd.: Liu, Ju-Shan	0	0	0	0
Director	Representative of Fu Yuan Investment Co., Ltd.: Lin, Wen-Hsing	0	0	0	0
Independent Director	Chang, Ling-Ling	0	0	0	0
Independent Director	Chen, Yung-Chun	0	0	0	0
Independent Director	Chuo, Yung-Fu	0	0	0	0
President of business group	Chu, Jung-He	0	0	0	0
President of	Lin, Teng-Tsai	0	0	0	0

business group					
Vice President	Chang, Jui-Pi	0	0	0	0
Vice President	Wang, Han-Ting	0	0	0	0
Vice President	Lin, Tzu-Hsuan	0	0	0	0
Vice President	Lin, Shih-Huang	0	0	0	0
Vice President	Chu, Hong-Yang	0	0	0	0
Director	Li, Chen-Hui	0	0	0	0
Director	Lin, Wen-Yu	0	0	0	0
Plant Manager	Chung, Hsuan-Tung	0	0	0	0
Chief Finance Officer	Li, Kuo-Wei	0	0	0	0
Chief of Culture	Lin, I-Cheng	0	0	0	0
Accounting Supervisor	Wu, Hui-Min	0	0	0	0
Governance Supervisor	Shih, Po-I	-	-	0	0

(9) Information on the top ten shareholders and their interrelationships

Name	Shares held in person		Shares held by spouse and minor children		Shares held under others name		Relationship among top 10 shareholders including spouse and within 2nd degree relative as stated in No.6 of the Accounting Standard		Remark
Person in Charge	Shares	%	Shares	%	Shares	%	Title / Name	Relationship	-
Fu Zhi Investment Development Co., Ltd.	10,091,307	5.35%	-	-	-	-	Hong Cheng Investment Co., Ltd.	Both companies' Chairman is Lin, Chao-Hung.	-
							Fu Ding Investment Enterprise, Co., Ltd.	A 2nd degree relative with the company's Chairman	-
Lin, Chao-Hung							Lian Guang Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	-
							Sheng You Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	-
HSBC Bank (Taiwan) Ltd. entrusted by investment account in BNP Paribas Singapore	9,721,000	5.16%	-	-	-	-	-	-	-
Fu Ding Investment Enterprise, Co., Ltd.	9,308,254	4.94%	-	-	-	-	Lian Guang Investment Co., Ltd.	Both companies' Chairman is Lin, Wen-Hsing	-
							Fu Zhi Investment Development Co., Ltd.	A 2nd degree relative with the company's Chairman	-
Lin, Wen-Hsing							Hong Cheng Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	-
							Sheng You Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	
Fu Sheng International Investment Co., Ltd.	7,624,000	4.05%	-	-	-	-	Fu Xun Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	-
Lin, Tzu-Hsuan									
Hong Cheng Investment Co., Ltd.	5,721,451	3.04%	-	-	-	-	Fu Zhi Investment Development Co., Ltd.	Both companies' Chairman is Lin, Chao-Hung	-
							Fu Ding Investment Enterprise, Co., Ltd.	A 2nd degree relative with the company's Chairman	-
Lin, Chao-Hung							Lian Guang Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	-
							Sheng You Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	
CTBC Bank – Lin Jui-Chang trusted account	5,000,000	2.65%	-	-	-	-	-	-	-
Fu Xun Investment Co., Ltd.	4,697,300	2.49%	-	-	-	-	Fu Sheng International Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	-
Lin, Tzu-Yang									
Lian Guang Investment Co., Ltd.	4,210,417	2.23%	-	-	-	-	Fu Ding Investment Enterprise, Co., Ltd.	Both Company's chairman is Lin, Wen-Hsing	
							Fu Zhi Investment Development Co., Ltd.	A 2nd degree relative with the company's Chairman	
							Hong Cheng Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	
							Fu Xun Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	
Lin, Wen-Hsing							Sheng You Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	
Sheng You Investment Co., Ltd.	3,144,000	1.67%	-	-	-	-	Fu Zhi Investment Development Co., Ltd.	A 2nd degree relative with the company's Chairman	-
							Fu Ding Investment Enterprise, Co., Ltd.	A 2nd degree relative with the company's Chairman	-
Lin, Teng-Tsai							Hong Cheng Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	-
							Lian Guang Investment Co., Ltd.	A 2nd degree relative with the company's Chairman	-
CTBC Bank – Chang, Jui-Pi trusted account	3,000,000	1.59%	-	-	-	-	-	-	-

(10) Composite shareholding

Unit: Share; %

Invested Enterprise (Re-investments)	Taiwan u Hsing's stake		Stake of Fu Hsing's directors, supervisors, managers and enterprise that Fu Hsing directly or indirectly has controlling power over		Composite holding	
	Shares	%	Shares	%	Shares	%
FORMFLEX ENTERPRISE CO., LTD.	23,704,000	100%	-	-	23,704,000	100%
MASTER UNITED INVESTMENT GROUP LTD.	930,000	100%	-	-	930,000	100%
Fortress Industrial Co., Ltd.	39,930,000	100%	-	-	39,930,000	100%
Techform Industrial Co., Ltd.	80,000,000	100%	-	-	80,000,000	100%
FU HSING AMERICAS INC.	300,000	100%	-	-	300,000	100%
ARCTEK Industrial Co., Ltd.	5,838	70%	-	-	5,838	70%
Sunion Technology Co., Ltd.	5,500,000	100%	-	-	5,500,000	100%
FU SING INDUSTRIAL (THAILAND) CO., LTD.	74,999,955	99.99%	-	-	74,999,955	99.99%

IV. Capital Raising Activities

(1) Source of capital stock

Time	Issuance Price	Authorized Capital Stock		Paid-In Capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of capital stock	Non-cash stock subscription	Others
March 2004	10	242,400,000	2,424,000,000	177,257,541	1,772,575,410	Common stocks converted from convertible bonds $70,893,250	—	—
April 2004	10	242,400,000	2,424,000,000	166,643,832	1,666,438,320	Capital reduction of $106,137,090 when merged a subsidiary	—	—
July 2004	10	242,400,000	2,424,000,000	187,375,650	1,873,756,500	Common stocks converted from convertible bonds $20,731,818	—	—
October 2004	10	242,400,000	2,424,000,000	187,443,733	1,874,437,330	Common stocks converted from convertible bonds $680,830	—	—
August 2005	10	242,400,000	2,424,000,000	191,991,170	1,919,911,700	Capital increased deriving from stock dividends and employee's stock bonus$45,474,370	—	Approved by Correspondence Jin-Shou-Shang-Zi No.09401165300 on Aug. 29, 2005
April 2009	10	242,400,000	2,424,000,000	188,452,170	1,884,521,700	Capital reduction of $35,390,000 by treasury stock retirement	—	Approved by Correspondence Jin-Shou-Shang-Zi No.09801062510 on Apr. 1, 2009

Type of Shares	Authorized Capital Stock			Remarks
	Outstanding shares	Un-Issued shares	Total	
Common Stock	188,452,170	53,947,830	242,400,000	-

(2) Shareholding structure

Shareholding Structure / Amount	Government & Institutional Holder	Financial Institution	Other Juridical Persons	Individuals	Foreign Institutions & Investors	Total
Numbers of account	0	5	125	14,472	116	14,718
Shares Hold	0	2,430,000	80,972,181	76,516,466	28,533,523	188,452,170
Shareholding %	0%	1%	43%	41%	15%	100%

(3) Dispersion of shareholding

NT$10/share / Mar. 30, 2023

Range	Number of Shareholders	Number of Shares Held	Shareholding %
1--------999	3,975	639,043	0.34
1,000------5,000	8,303	17,745,690	9.42
5,001-----10,000	1,264	9,927,560	5.27
10,001-----15,000	348	4,468,564	2.37
15,001-----20,000	225	4,222,412	2.24
20,001-----30,000	213	5,410,516	2.87
30,001-----40,000	87	3,134,055	1.66
40,001-----50,000	65	3,061,484	1.62
50,001----100,000	119	8,226,702	4.37
100,001----200,000	39	5,547,912	2.94
200,001----400,000	19	5,198,726	2.76
400,001----600,000	9	4,594,533	2.44
600,001----800,000	11	7,705,496	4.09
800,001--1,000,000	5	4,398,000	2.33
1,000,001 and above	36	104,171,477	55.28
Total	14,718	188,452,170	100

(4) Name list of major shareholders

Shareholding / Name of Major Shareholder	Shares Held	Shareholding
Fu Zhi Investment Development Co., Ltd.	10,091,307	5.35
HSBC Bank (Taiwan) Ltd. entrusted by investment account in BNP Paribas Singapore	9,721,000	5.16
Fu Ding Investment Enterprise, Co., Ltd.	9,308,254	4.94
Fu Sheng Investment Co., Ltd.	7,624,000	4.05
Hong Cheng Investment Co., Ltd.	5,721,451	3.04
CTBC Bank - Lin Jui-Chang trusted account	5,000,000	2.65
Fu Xun Investment Co., Ltd.	4,697,300	2.49
Lian Guang Investment Co. Ltd.	4,210,417	2.23
Sheng You Investment Co., Ltd.	3,144,000	1.67
CTBC Bank – Chang Jui-Pi trusted account	3,000,000	1.59

(5) Share prices, net worth, earnings, dividends, and other related information in the most recent two fiscal years

List \ Year			2022	2023	Current year until March 30, 2024
Price per Share	Highest		44.60	50.30	54.80
	Lowest		38.00	40.90	50.40
	Average		41.35	43.94	53.18
Net Value per Share	Before profit distribution		35.26	37.04	—
	After profit distribution		32.36	34.04	—
Earnings per Shares	Weighted Average Shares		188,452,170	188,452,170	—
	EPS		4.83	5.03	—
Dividend per Share	Cash dividend		2.90	3.00	—
	Stock Grants	-	—	—	—
		-	—	—	—
	Accrued unpaid dividend		—	—	—
Return on Investment	PE Ratio (Note 1)		8.56	8.74	—
	Price to Dividend Ratio (Note 2)		14.26	14.65	—
	Cash Dividend Yield (Note 3)		7.01%	6.83%	—

Note 1: PE Ratio= Averaged share price of the year / EPS.

Note 2: Price to Dividend Ratio = Average share price of the year / Cash Dividend per share.

Note 3: Cash Dividend Yield = Cash dividend per share / Averaged share price of the year.

(6) Dividend policy and the implementation

(1) Dividend policy

According to the amended Corporate Act on May 20th, 2015, a proposal was brought up to resolve the amendment of the Company's Articles of Incorporation on November 9, 2015. According to the amended Articles of Incorporation, the Company shall distribute no less than five percent of the current fiscal year's profit to its employees as employee remunerations and shall distribute no more than five percent of the current fiscal year's profit to its directors and supervisors as remunerations. Nevertheless, the company shall make up the accumulated loss, if any, first before such remuneration distribution.

The Company's bonus for employees may be distributed in cash or with stocks, and the distribution objects may include employees of the company's affiliated companies; in this case, the Chairman has the right to define the distribution conditions.

Each year, if there is surplus after closing, the Company shall, after paying income tax and covering all losses till then, set aside 10 percent of the surplus profits as legal reserve, except when such legal reserve amounts to the total capital. When deems necessary, a special reserve may be allocated or reversed in accordance with laws and regulations. When the Company sets aside the special reserve in accordance with the law, for the shortfall of the "accumulated deductions to other equities - net amount", before distributing earnings, the Company should first set aside the same amount of special reserve from the undistributed earnings from previous periods. If there is still insufficient, the Company shall then make a provision from the undistributed earnings of the current period after adding the net profit after tax of the current period and other items other than the net profit after tax of the current period.

After a special reserve is set aside or reversed in accordance with the laws and regulations, the undistributed surplus at the beginning of the same period is added as the accumulated distributable

earnings for shareholders. The board of directors shall prepare a distribution proposal and submit to the shareholders' meeting for resolution before distribution.

To meet regulations stipulated in the amended Company Act, a proposal to amend the Company's Articles of Incorporation was submitted and approved in the board meeting on March 9, 2022. As stipulated in the amended Articles of Incorporation, when distributing dividends and bonus, the Company may distribute an amount equal to or partial of the legal reserve and capital reserve. In the case of issuing new shares, the board of directors shall prepare a profit distribution proposal and submit to the shareholders' meeting for resolution before distribution; in the case of cash distribution, the board of directors is authorized to implement upon the approval of a majority of the directors present at a directors meeting attended by two-thirds or more of directors, and report to the shareholders meeting.

The Company adopts the policy of surplus dividends in consideration of funding needs in future and overall investment situation, long-term financial planning, domestic and global competition situation, and as well as shareholders' needs for cash inflow. Each year, the company shall appropriate no less than thirty percent of earning surplus for shareholders as dividends, which may be distributed in case or with stock, only that the cash dividend should not be less than fifty percent of the total payout.

2. Earnings distribution proposal in the current Board of Director's Meeting:

(1) Shareholder's cash dividend: NT$3.0 per share (for a total of $565,356,510).

(7) Effects of proposed stock dividend distribution to the company's operation performance and earnings per share: None

(8) Employee's bonuses and remunerations paid to directors and supervisors

1. The percentages or ranges with respect to employee bonuses and director/supervisor compensation, as set forth in the Article 26-1 of the company's Articles of Incorporation: The detailed information can be looked up in the Handbook distributed in the Shareholders' Meeting of the year.
2. The basis for estimating the amount of employee bonuses and director/supervisor compensation, for calculating the number of shares to be distributed as stock bonuses, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: The amount of discrepancy shall be handled in accordance with the following principles:
   A. According to the Company's Articles of Incorporation, the Company shall distribute not lower than five percent of current year's profit to its employees as employee remunerations and to distribute not more than five percent of current year's profit to its directors as remunerations. In the year of 2023, the estimation basis was established by the board of directors based on the Company's Articles of Incorporation and operational performances.
   B. No applicable, because this year the Company does not propose to distribute stock bonus to its employees.
3. Information on any employee bonus distribution proposal approved by the board of directors:
   A. Distribution of cash bonuses or stock bonuses to employees, and compensation for directors and supervisors. If there is any discrepancy between such an amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.
      i. The Board of Directors' Meeting on Jan. 26th, 2024 resolved a total amount of NT$157,854 thousand as remuneration paid to employees and a total amount of NT$19,500 thousand as remuneration paid to directors.
      ii. In 2023, it was estimated to paid NT$157,854 thousand to employees as remuneration and NT$19,500 thousand to directors as remunerations.
      iii. There was no discrepancy.
   B. The amount of proposed distribution of employee stock bonuses, and the size of such an amount

as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee bonuses: Not applicable, because the Company does not distribute any stock bonus to employees this year.

4. The actual distribution of employee bonuses and director/supervisor compensation for the previous fiscal year (with an indication of the number of the shares distributed, dollar amount, and stock price), and, if there is any discrepancy between the actual distribution and the recognized employee bonuses and director/supervisor compensation, additionally the discrepancy, cause, and how it is treated.
   A. The distributed amount in 2023: NT$198,540 thousand dollars to employees as remuneration and NT$19,500 thousand dollars to directors as remuneration.
   B. The estimated amount to distribute in 2022: NT$198,540 thousand dollars to employees as remuneration and NT$19,500 thousand dollars to directors as remuneration.
   C. There was no significant discrepancy.

(9) Share buyback situation: None.
(10) Issuance of corporate bond: None.
(11) Issuance of preferred stock: None.
(12) Issuance of global depository receipt: None.
(13) Employee stock option: None.
(14) Mergers or acquisitions, and issuance of new shares due to acquisition of shares of other companies: None.
(15) The implementation of capital allocation plan:

For the period as of the quarter preceding the date of printing of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits, the annual report shall provide a detailed description of the plan for each such public issue and private placement: None.

V. The Operations

(1) Operation content

i. Scope of Business

1. Main contents of the business

A. CA04010 Metal Surface Treating

B. CA02070 Lock Manufacturing

C. CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified

D. CD01030 Automobiles and Parts Manufacturing

E. CD01040 Motor Vehicles and Parts Manufacturing

F. F214030 Retail Sale of Motor Vehicle Parts and Supplies

G. CQ01010 Die Manufacturing

H. F206030 Retail Sale of Die

I. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import

J. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing

K. CA02080 Metal Forging Industry

L. CA01090 Aluminum Casting Manufacturing

M. CA01990 Other Non-Ferrous Metal Basics Industries

N. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Analysis of operation revenues

Item	% of Total Revenue
Door related parts	100%

3. Current Products and Services

Name of Products	Services
High-end door locks	For traditional/electronic door lock products, on the premise of ensuring safety, to add product functions and design, in line with the trend, more appearances and color, so as to provide users with more options
All kinds of door closer and hinges	To provide door control related hardware products that are safe and able to meet the needs in fire-proof environment
Panic exit device	To provide customers with complete solutions in relation to fire exit door lock to reduce damages during fire disasters

4. Planned new products and services

a) In the business of door lock and panic exit devices

a. Door lock product series in line with today's home style

b. Cloud IoT platform and home automation series products

c. Residential complex's cloud access control system

d. Biometrics and smart locks with wifi communications that can be controlled through mobile facilities

e. Touch screen lock, push bottom lock, and membrane key electronic lock.

f. Provide more selections with diversified lock appearances and new colors for US standard home lock products

g. The expansion on more functions and trendy appearances of the U.S. grade commercial locks.

h. Antibacterial type series products development

i. US ANSI Grade 1 high-end fire-proof lock series and the related electronic accessories

j. US ANSI Grade A series products

k. Recyclable green packaging

b) In the business of door closer

a. Highly efficient door closer and the accessories that meet EU's CE standard

b. US ANSI Grade 1 certified heavy duty door closer

c. EU CE certified electronic stop device that can be applied with single-leaf door closer and double-leaf door's selector

d. EU CE standard heavy duty door/floor hinge related products

e. Hydraulic glass door lock for quick installation on glass doors and is in common use in both EU and US markets.

ii. The industry

I. Current status and development of the industry

(A) Construction market: The continuous recovery of global economy is beneficial to promote consumer's ability to purchase houses and drive market demand growth. However, the persistent inflation also sustains high housing price and hence squeeze the profit margin of buildings, forcing builders to actively seek more cost-competitive products.

(B) IIoT applications: IoT technology is gradually maturing, and consumers are more familiar with the integrated applications of IoT products through the use of smart speakers, such as Google Home, Amazon Alexa, etc. As an indispensable part of smart home, door lock has become an important purchase indicator. In 2023, the Connectivity Standards Alliance launched the Matter Protocol. The participating iconic enterprises include Apple, Google, Amazon, etc... The protocol wants to drive the convergence of today's chaotic IoT ecosystems to solve consumer's distress at choosing products and enhance user experiences. Electronic gate control combined with the IoT system provides real-time monitoring, convenient operation, and traceability features, and is bound to become mainstream.

(C) Residential housing's development trend: In response to the economic development trends and changes in lifestyles in major mature markets, condominiums in metropolitan areas have become the first choice for the new generation. In the type of collective housing, the characteristics and needs of community monitoring, management and leasing are particularly obvious, thus, integrating door locks into access control systems and expanding such into life care applications will follow the trend to become an important issue in the development of door locks.

(D) Restructuring of Industrial supply chain: The reorganization of industrial supply chains triggered by the U.S.-China trade war can be a challenge and an opportunity. Taiwan Fu Hsing possesses high-level industrial design, metal processing, and electronic technology research and development capabilities. With Taiwan as the base for design and R&D, coupled with flexible marketing strategies and close cooperation with upstream and downstream supply chains, Taiwan Fu Hsing today still occupies a leading position in the international market.

II. The relationship between the upstream, mid-stream and downstream of the industry

Upstream Industry
Basic metal industry
Midstream Industry
Mold design and manufacturing industry Metal product manufacturing industry
Downstream Industry
Retail market OEM factories Construction related industries

III. Product development trend and market competitions

A. High-end door lock and panic exit device business

a. Product development trend

Modern consumption habits have changed. When consumers now can compare prices online and shop with more convenience, their attachment to brands is lower than in the past. Consumers' concept and demand for door locks are no longer limited to price and practicality or brand, and instead product appearance, color series, safety, convenience, functionality, and even the matching ability with furniture and bathroom supplies all become factors for consumers while shopping. Besides, in the field of panic exit devices, in addition to the basic functional requirements of safety and fire prevention, being able to cope with the special climate change environment and comply with the requirements of disability regulation has become a development trend of electronic access control security systems. The next generation of products will inevitably use this as the core of development.

b. Market competition

Based on product market segmentation, current major competitors are as follows:

b-1. High-Price Products

In general, main customers are in the locksmith market and architectural hardware channels that has professionally designated product certification and specifications., and the main competitors are local well-known brands in Europe and North America. While focusing on electronic locks, besides well-known brands in the door lock industry, major competitors include brands of electronics and software services that have also entered the electronic lock market.

b-2. Mid-Price Products

Major customers include architectural hardware products importers (to meet the demands from new construction projects or replacement market) in the U.S. and Canada and also large DIY products related retail channels. The major suppliers for this segmentation are Taiwan Fu Hsing Industrial Co., Ltd. and other lock manufacturers in Asia.

b-3. Low-Price Products

Major customers include customers in replacement market that have lower expects on the safety, durability, and quality, or in the low-priced construction market. The major supplying areas are Mainland China or India.

B. Door closer business

a. Upgrade from traditional gear and rack door closer to highly efficient CAM action door closer, R&D and production/manufacturing abilities are enhanced, and also product's added value is increased too.

b. Connect with electronic technology to develop high-end electronic door control products. For example, e-controlled Hold Open, free swing, and auto open/close operators, etc… such are made to meet with future trend and market demand, and the combination of technology and door control 's security is able to provide more diversified products to the market.

c. Self-manufactured and processed high-end door closer's key parts is able to ensure product quality and secure core technology. Also, part's self-production rate and automation procedures are also increased to reduce cost and enhance market competitiveness.

C.Our technology and R&D

In 2023, the Company invested in NT194,293 thousand dollars in R&D, which was about 2.14% of the net sales. Ever since the establishment of Taiwan Fu Hsing, we have obtained 1,263 domestic and international patents (562 domestic patents and 701 international patents), and have accumulated 1,594 patent applications.

D. Long-term and Short-term business development plan

Looking back on 2023, the building materials and household hardware market continued to be affected by multiple uncertainties and challenges, such as inflation, cost fluctuations in metal raw materials and electronic parts, and climate instability, which affected the progress of construction projects. On the demand side, market demand, due to the recovery of international shipping conditions and increased inventory level in channel, showed a conservative outlook. However, even though the market demand was conservative in the first half of the year, we continued to propose innovative products and innovative packaging to catch up with our performance targets in the second half of the year.

Looking forward to 2024, it is expected that the market sentiment is still relatively conservative. However, as customer inventory is reduced and inflation is gradually brought under control, the overall market is expected to resume its previous growth in the second half of the year. M-type demand in the retail market or concentrated housing and rental housing markets continues to grow; modern design styles have been extended to mechanical locks and smart lock product lines, which is expected to expand our market share. In the long run, in response to the trends, in which the growth of collective housing will be much higher than that of single-family housing and the new generation has changed their shopping habits, the Company will add new products for customers in the retail market and for customers in the construction market respectively. In addition, , we utilize both traditional and online channels to provide consumers with more choices in order to quickly respond to market demand. When border controls in various countries gradually ease, the Company will resume visiting the market and interacting frequently with customers; by actively listening to market needs, we'll explore new business opportunities.

The Company now is planning to enhance its competitive strength in four strategic facets, including products, pricing, branding, and channels. In the short term, we will continue to stabilize and further strengthen current OEM and ODM customer's sales channels. In the long term, we will keep developing and integrating business partners in smart home area and create reciprocal benefits with partners in order to keep creating better profits and growth.

a) as for product strategy:

As the society continues to pay more attention to security and consumers' security awareness increases, residents' demand for security products such as door locks is expected to continue to grow. The trend of working from home and remote working has also made people pay more attention to home security, increasing the demand for door lock products. In line with the market growth trend, we continue to expand the product range of different grades in mechanical locks, taking into account traditional and modern styles, home and public application scenarios, and launch products with new appearances and innovative functions in accordance with the needs of general consumers and professional builders. The goal is to build a rich product line that is closer to market demand and usage habits.

Besides the situation mentioned above, the smart home trend continues to be one of the key drivers of the market. Consumer demand for smart door locks continues to increase, hoping to easily control the door locks at home through mobile applications or other smart devices to improve security and provide more convenience. Relevant technology's research and development has always been a key investment project for the Company. In addition to continuing to launch new and most competitively priced basic electronic locks to meet the needs of entry-level customers, we have also built software and hardware to provide advanced cloud smart lock products to connect to home automation trends through the integration of smartphones, Bluetooth, near-end communications, wireless networks...etc. to meet the needs of mid-to-high-end customers. The application of biometric recognition technology in the field of door locks is also gradually increasing, such as fingerprint recognition, face recognition scanning, etc. Home automation and smart access control systems will be the area to make stance in. In practical applications, our Company's products are aimed at the access management needs of collective residential communities. In addition to taking advantage of the characteristics of wireless electronic locks, they can also provide the flexibility for complex management needs such as time sharing and zoning. Compared with other industry products, our company is more It can reduce construction and maintenance costs. In terms of schedule:

- Short-term goal: continue to increase the basic kind of product line and cultivate deeper in the market in order to enhance the market share:
  a. have its fine basic function;
  b. Is easier to install;
  c. Is friendly in its pricing;
  d. Design diversification.
- Long-term goal: at high-end product line, connect with the trend of electronic technology, grasp the new standards in this industry, attach closer to customer's favorite, and have close and good cooperation with global major door lock business groups.
  a. Based on the basis of existing electronic lock products (button type, film type and touch

type), introduce products with new design and new functions to satisfy customers in different marketing channels and with different attributes. Through the integration of new and old product lines and software and hardware, the breadth of product selection is expanded.

b. To connect to the trend of home automation and continuous pay attention to the development of main-stream products, such as smart phones, Bluetooth technology, NFC, touch screen, and biometric system. Will link up with access control system to foot at home automation system and intelligent access control system.

c. To develop various grades of door lock products according to U.S. ANSI's newly regulated standard on family locks in order to meet the demands from different customer bases.

d. Three main directions for rich and diverse design - the design focusing on "Avant-garde modern", "European classic", and "convergence of modern classic" are set to be the new design directions, and will launch products having advantages of both price competitive and different design style to meet market demand.

e. Emphasis on sustainability and environmentally friendly packaging. For home security door locks, the trend of sustainability and environmental protection is gradually gaining attention from consumers, who are more inclined to choose products using environmentally friendly materials. We will strive to develop environmentally friendly packaging to achieve energy conservation, carbon reduction, and the aestheticism.

b) As for pricing strategy:

Since now younger customers gradually become the main consuming force, we will fully utilize our strength in modulization design and keep studying customer's preference trend, analyze important key factors in segment preference, maintain our agilely flexibility and best competitive strength regardless in product appearance, spec or packaging, to expand the economic scale and strength cost advantages. We will, at the same time, cooperate with the analysis on the market trend and provide quantities promotions at the right moment to stimulate purchasing willingness and sales.

a. In the short term, we will utilize the strategy of diversified product mix and packaging with different pricing plans to promote sales.

b. In the long term, we will study consumer's use habit and integrate global market trend in order to obtain the most efficient cost advantage with scale economy.

c) as for branding strategy:

Will expand the cooperation with global main streams to provide high quality and cost competitive products to promote customer's brand image, so as to enhance market share together.

Also, will integrate our own brands. For Taiwan domestic market, the brand, "Jia An (加安)" , will be promoted, for exports, the "Faultless" is our brand, and for commercial use door lock, door closer, and hinges, the brand, "Arctek", is mainly used and combined into a complete product line.

d) as for distribution strategy:

In the short term, we will continue to cooperate with the characters of retail channel and construction channels and provide more differentiated products. For new construction channels, we

will strengthen product's high value added functions and specs. For retail channels, we will continue to stress on the basic function and pricing friendliness. Also, we will also occasionally launch short term promotion programs in the light of various products in order to catch customer's attention.

In the long term, we will continue to develop new distribution channels especially in areas of:

a. On-line shopping: in the post-epidemic era, business opportunities from on-line shopping and long distance shopping are rising further. In response to the changing habits of consumers of the new generation, we realize that we must aggressively add more product selections and move closer to consumers by utilizing different social media. In addition, with the launch of products with various new appearances (including mechanical locks and electronic locks with traditional outlook and modern appearance), we'll participate in sample-giving promotional activities and other related promotional activities in major on-line shopping platforms to accumulate high opinions on our products, regularly launch limited time discounts to stimulate purchasing willingness, and analyze further the characteristics of sales growth, pricing, and sales region distribution in order to differentiate the promotional key points in different regions.

b. Non-traditional sales channel: will strengthen the cooperation with 3C sales channels and the manufacturers of home security systems.

(2) Market and the Production-Marketing Situation

1. Major marketing area and the market share

Domestic sales and export sales accounted for about 5% and 95% of the total sales respectively, and among those, the North American market, the largest area of sales, accounted for 73% and the Chinese market accounted for about 5%, and 17% were from all other regions (Asia (excluding China), Europe, New Zealand, Australia, Central and South America, etc.). By providing high-quality products and complete services, the Company has been repeatedly recognized by consumers, and our sales performance proves that Taiwan Fu Hsing has successfully occupied a place in the global door hardware market.

2. Future Market Demand and the Growth

(i) North America: in the first half of the year, the overall North American market was deeply affected by climate, supply chain and economic difficulties, and the demand for our home products was also affected. As product supply improves in the second half of the year, market demand rebounds, and the Company will utilize existing research and development advantages, develop more new appearances and functions, increase the added value of products, and continue to accelerate the development of wireless communication smart door locks. In addition to the convenience of existing electronic door locks, we also provide a non-contact door lock operation mode, providing double protection to body health and home security.

(ii) EU market: continue to cultivate new strategic customers in Euro Zone, and meanwhile, in the light of current clients, to promote niche products and increase product items to enhance current client's product profiles with the expectation to further drive up the growth.

(iii) South East Asia and Central South America market: in 2023 the epidemic situation stabilizes and restrictions are gradually easing, market demand gradually recovers. The Company will continue to work with regional partners, with customers' existing brand image and Taiwan Fu Hsing's long-

term stable quality, from the basis of modularization and also from modeling and products, to launch differentiated and more diverse product lines in terms of appearances and specifications, as well as to lock in regional strategic partners, actively strengthen cooperation layout, and continue to increase market share.

(iv) New Zealand and Australia: in addition to the existing channels, we actively cooperate with strategic partners, develop new customers, understand the market needs of New Zealand and Australia, plan and develop products and channels, and inject a new wave of growth momentum through flexible sales strategies.

(v) Domestic market: to optimize the Company's high value-added products and improve the performance of the security system. At the same time, by optimizing the customer service network to be closer to the real experience of consumers, creating new sales opportunities and markets.

(vi) Emerging markets: the area includes China, Middle East, and India. We expect the home-use and commercial-use door lock products, as well as security related products will continue to grow steadily.

3. Favorable factors and unfavorable factors that might affect the company's future operations

(1) Favorable factors

A. The strength of internationalized production division: 4 production bases in Taiwan (Fu Hsing Kangshan plant, Techform Industrial plant, Fortress plant, and ARCTEK plant) and 2 in China (Taichang plant and Changshu plant) will continue our consistent policy to deploy multiple production bases in advance, and will expand our operation layout to Thailand in the future. On the one hand, we will expand production capacity further; on the other hand, we will vertically integrate the parts supply chain and increase the coordination and flexibility of production capacity, so as to respond to market demand more quickly to satisfy customers.

B. Cross-industry integration to create new business opportunities: the establishment of Sunion Technology helps us stabilize the supply chain of electronic lock materials, and on the other hand, supports to more timely to continue to develop electronic networked smart door locks or cooperate with other home smart network operators, so as to accelerate product's development faster and provide a more in-depth and professional services to customer.

C. Strengthen U.S. subsidiary's services to provide in-time shopping suggestions for local customers, strengthen inventory dispatching support, after-sale services, and the stock delivery functions for on-line business in order to effectively cut into the new E-marketing field and promote market share in full scale.

D. China market continues to grow. This includes demands from large-scale construction projects, public infrastructure, and urban development, especially in the 2nd and 3rd tier cities. Fu Hsing has started its China layout in recent years, which is favorable to Fu Hsing's growth in China.

E. Continuous investment is carried out into all plants' automation process to complete further lean-production concept and promote product's added value, quality and competitiveness.

(2)Unfavorable factors

A. Affected by the trade war, China manufacturers compete for market share at low prices.

B. Fluctuation of f US dollar exchange rate that may impair profits.

C. Risk factors in relation to geopolitical situation

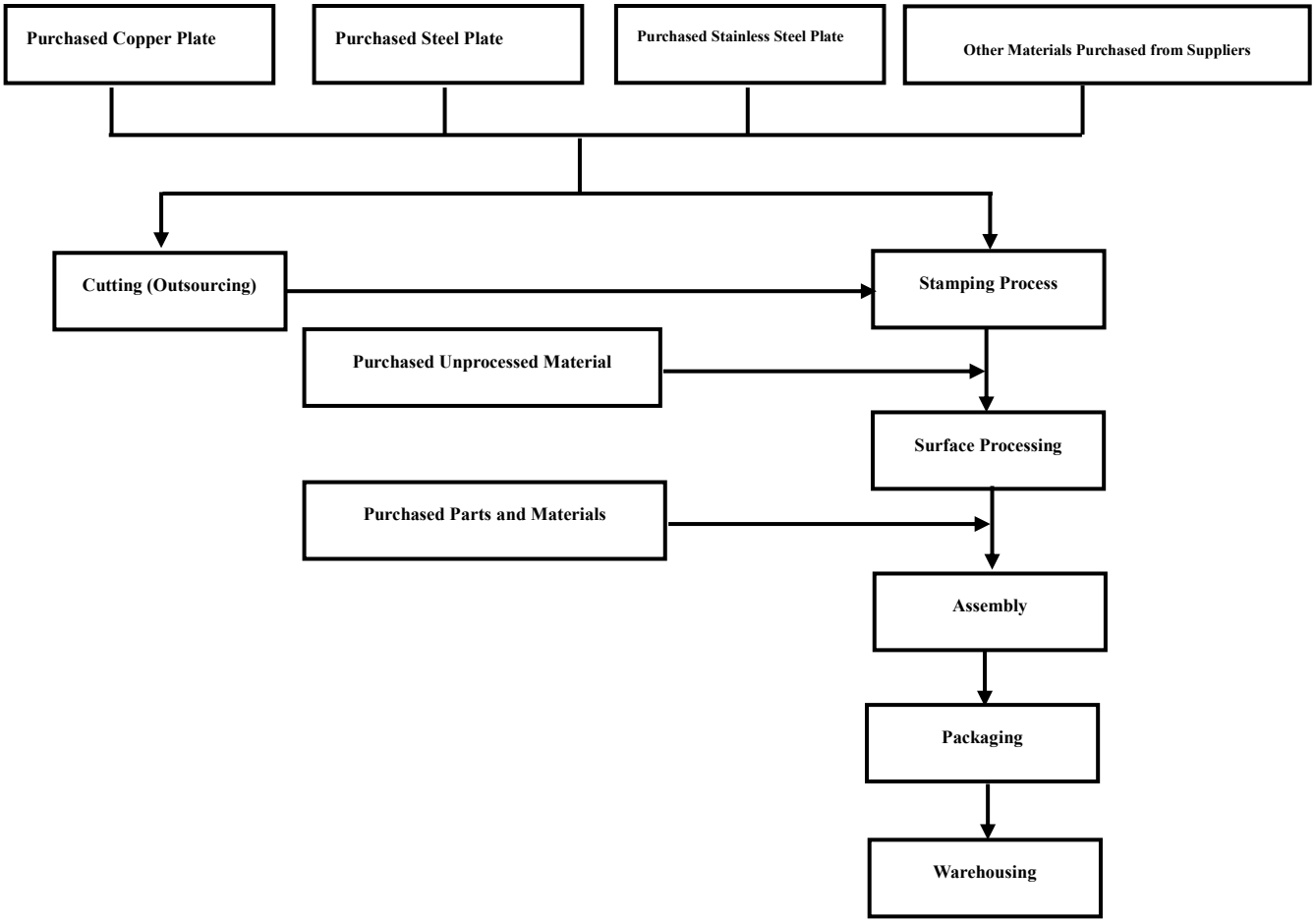
D. Possible insufficient manpower

The international political and economic situation is changing rapidly. With the increase in market demand, competition in the door lock industry has become more intense. Manufacturers and brands are likely to compete more intensely in terms of product design, price and technological innovation to meet growing market demand. The Company will uphold the sound business spirit of being prepared for danger in times of crisis, continue to use R&D, design and lean production to reduce costs and enhance competitiveness, and high-value-added commercial high-end products and electronic products are also one key area that we will keep focusing on, especially in the field of electronic locks, which is the future trend and will be the area that the Company pays more attention to.

4. Important functions of major products and the production process

Major Product	Main Use
Door related parts	To be installed as lock on wood door, plastic door, metal carved door

Production process of metal door locks



5. Supply of major raw materials

Product Name	Major Materials		
	Name	Main Source	Supplying Condition
Door related parts	Steel Plate/Steel Strip	China Steel Corporation	Good
	Stainless Steel	Sinkang Industries Co., Ltd.	Good
	Copper Plate	First Copper Technology Co., Ltd.	Good
	Aluminum Alloy	Chiao Tai Aluminum Industry Co., Ltd. Crown Aluminum Co., Ltd.	Good
	Zinc Alloy Ingot	Lee Kee Metal Company Limited	Good

6.List of major suppliers and customers in the most recent 2 years

i. Suppliers that accounted for 10% or above of the year's total procurement net amount in the most recent 2 years: The Company has not had a single supplier that accounted for more than 10% of the net purchase in the past two years.

ii. Customers that accounted for 10% or above of the total net sales in the most recent 2 years.

Unit: NT$1,000 / %

List	2023				2022			
	Name	Amount	% of total sales in the year	Relation to the Issuer	Name	Amount	% of total sales in the year	Relation to the Issuer
1	Customer C	$3,752,107	41%	None	Customer C	$3,319,456	35%	None
2	Customer B	1,509,349	17%	None	Customer B	2,172,329	23%	None
3	Customer E	767,786	8%	None	Customer E	547,487	6%	None
	Others	3,044,197	34%	-	Others	3,491,648	36%	-
	Net Sales	9,073,439	100%		Net Sales	9,530,920	100%	

7. Production volume and value over the past two years

Unit: 1,000 pcs / NT$1,000

Year / Product volume & value / Main Product	2023		2022	
	Volume	Value	Volume	Value
Door related Parts	43,548	$7,006,509	44,075	$7,681,712
Total	43,548	$7,006,509	44,075	$7,681,712

8. Sales volume and value over the past two years

Unit: 1,000 pcs / NT$1,000

Year / Sales volume &value / Main product	2023				2022			
	Domestic		Export		Domestic		Export	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Door related Metal Parts	1,708	$584,571	42,789	$8,488,868	1,824	$574,470	43,116	$8,956,450
Total	1,708	$584,571	42,789	$8,488,868	1,824	$574,470	43,116	$8,956,450

(3) Number of employees, the average years of services, average age, and education analysis over the past two years and during the current fiscal year until the date of printing of this annual report

Year		2022	2023	Jan. 1 ~ Mar. 30, 2024
Total Number of Employees	Director Labor	1,467	1,523	1,353
	Indirect Labor	718	702	702
	Management	225	215	214
	Total	2,410	2,440	2,269
Average Age		40.24	41.02	41.41
Average Year of Service		7.12	6.95	7.67
Education Analysis (%)	Doctor	0.04%	0.04%	0.04%
	Master	2.99%	2.50%	2.69%
	University	41.99%	41.84%	44.25%
	High School	35.31%	34.88%	36.01%
	Below High School	19.67%	20.74%	17.01%

(4) Expenditures on environmental protection

1. Significant expenditures or losses from environmental pollution in the most recent fiscal year and the current fiscal year until the printing date of this annual report: The Company's environmental matters have not been punished by the competent authority in 2023. We will continue to strive to promote the improvement of the sustainable business environment in the future.
2. The Company has a special unit that is exclusively responsible for the management of career safety and health, regularly convenes safety and health committee meeting, establishes and puts into effect of the “safety and health practices” for managing employee’s work environment and facilities, regularly carries out employee health check and inspection on the work environment, and periodically handles education training on labor safety and hygiene to make sure the company is able to provide a safe and healthy work environment and seek for continuous improvement.
3. Responding actions
   (1) The company is engaged in the selling and manufacturing of door locks and related metal accessories. The major production processes include stamping, grinding, powder coating, and assembling. While is continuing promoting environment management system and straightening pollution prevention facilities, we should also take laws and regulations into consideration. We must add new system/facilities after obtaining authorities’ approval. This will not only decrease impacts to the environment caused by our manufacturing procedures but also minimize risks of having penalties.
   (2) Future improvement focus: Will solidify the training and management to operators of the environment protection facilities and such facilities’ maintenance, will keep carrying out process wastage reduction and pollution prevention, and will strictly implement all the management works to enhance the company’s pollution management capacity. The company hopes and will do its best to reduce environment pollution to a minimum level and will try very hard to promote green production related concept to fulfill corporate special responsibility that every enterprise should have. Besides, the RoHs (Restrictions of the use of hazardous substances) related regulations by the European Union have no effects on the company.
4. Projected expenditures

The projected expenditures in the next 2 fiscal years

Unit: NT$1,000

Name of Facility	2024	2025
The improvement and operation of air pollution prevention facility	4,528	2,622
The improvement and operation of water pollution prevention facility	13,903	13,526
Removal and process of business wastes	12,512	12,049

(5) Work environment and measures adopted to protect employee's safety

I. Specific manners adopted to manage labor safety and health

In light of work environment and labor safety and protection, the company elaborated various labor safety and health risk control elements and sets up related managing plans and specific manners based on job safety and health management system to make continuous improvements. All the plans and manners achieved good results and control. The following table is a summary for the company's managing plans and specific manners:

No.	Direction	Plan	Specific Manner
1	Set up Safety and Health Bulletin and Policy	Set up safety and Health Bulletin and Safety and Health Policy	Establishes "Safety and Health Bulletin" and makes "Safety and Health Policy" according to corporate social responsibility and the government regulated safety and health requirements to continuously promote the performance achievement in labor safety and health.
2	Safety and Healthy Management System	Periodically review by the "Safety and Health Management Committee"	According to the guidance of the TOSHMS, the Safety and Health Management Committee periodically review and follow the execution results.
3	Risk assessment and the countermeasures	Assess related risks and makes the control policy	Periodically review related regional manufacturing procedures, work risks and the related regulations. Unacceptable risks and issues that do not meet regulated requirements will be reviewed for improvements, and associated management plan or manner will be made and executed. The execution results will be brought up for discussion in the safety and health meeting.
4	Electricity leakage protection	Facilities to carry out grounding to prevent leakage risks.	Set up grounding for facility's power system to prevent electricity leakage risk.
5	Chemical management	Establish safety standard for chemical's storing and use to prevent chemical spill risks	Establish hazardous goods general guidelines, regulate to store chemicals in anti-spill tanks to prevent chemical dispersion or spill, periodically carry out hazardous goods general guideline related training and provide and require operators to wear proper protection guards.
6	Work environment Monitoring	Regularly monitor work environment and carry out control and improvement based on the measuring results	Entrust external institution that has been certified by the Ministry of Labor to regularly monitor the work environment focusing on dusts, noise, and specific chemical substances according to the "Implementation Method to Carry Out Labor Work Environment Monitoring". Determination then is made to see whether the measurement results meet regulatory requirements. Any extraordinary factors found will be corrected and improved immediately to protect employee's health.
7	Regular health check	Implement employee health check regularly	Two kinds of health examinations are carried out two work condition, extra hazardous work and ordinary work, according to "Labor Safety and Health Protection Principle". Special examinations are carried out for statutory particular workplace hazards such as noise, dusts, and specific chemical substances. The examination results are classified in different levels for further managing labor's health condition and continuous improving the company's work environment.
8	Occupational accident prevention programs	Establish occupational accident prevention program	Establish the occupational accident prevention program of the year and develop detailed execution plans according to the program. The plans are implemented, audited and tracked, and are brought up for discussion and correction in a regular basis during the safety and health committee meeting to gradually reduce all the dangerous factors and risks.
9	Automatic inspection	Carry out automatic inspection	Promote automatic inspection to identify possible and potential hazardous factors in different work environments, procedures, operations, and production. Then such potential risk factors are improved and effectively controlled. Items being inspected include facility, the use of materials, work environment, operating equipment and machinery.

II. The Implementation of Work Safety Control

(1) Control on special operations and work permit: according to the requirements regulated in Occupational Safety and Health Act and the company's safety and health assessing results, the company implements control and work permits on special operations such as overhead operation, hot work, confined space operation, and hoisting operation.

(2) Supervision on safety and health condition: All work units in the factory site including contractors must submit application before carrying out high risk operations. Besides, the operating unit should appoint safety and healthy supervisory staff to carry out full supervision during the process of high risk operation for ensuring work safety.

(3) Inspection of dangerous machinery and facility: according to statutory regulations, dangerous machinery and facility in the plant should be regularly inspection to meet qualifications. Besides, all the operators must acquire related operation license and regularly receive the company's on-job training to ensure the operation safety.

(4) Accidents investigation, tracking, and improvement: for any accidents, regardless with or without injuries or only a false alarm, are discussed for improvements and tracked to eliminate potential dangers and prevent from injuries.

(5) Safe operation standards revision: carry out the revision and modification on all operations' standard procedures. During the process, the involving operating personnel are requested to present and participate in the full review on the standard procedures in order to diminish chances of accidents due to improper operation procedures.

(6) Plant site patrol and inspection: inspect the operation situation in the plant site without a fixed schedule. The inspection aims at the work environment around factory worker's activity area, work content, possible hazards. Extraordinary issues are reported and provided with suggestions for improvements in order to maintain workplace and labor safety.

(7) Emergency response training: trainings are regularly held in light of emergency responses subjects including specific operation area, fire safety equipment, and evacuations. All the employees have to participate in the training and practices for solidifying the training in emergency responses.

3. In addition to above-mentioned manners, FU HSING AMERICAS INC. also provide its worker with work environment that meets OSHA (Occupational Safety and Health Administration) regulations made by U.S. Department of Labor and work with SCC Security and local police department to provide security services. Inspection on work safety, environment health and fire inspection are carried out per annum to make sure all meet regulated requirements.

(6) Labor-Capital relations

Taiwan Fu Hsing considers its employees as a dynamic source of corporate sustainable operation and treats every employee as its partner. Based on the principle of profit sharing, Taiwan Fu Hsing provides its employees with complete pay compensation, benefits, and friendly work environment and strictly follows Taiwan's Labor Standards Act and related rules to provide complete protection to its labors. We also regularly adjusts employee's remuneration and benefits to be more competitive based on the price level, the human resources' demand and supply situation, the salary average in the same industry, etc… We hope every Fu Hsing employees to learn and devote with no worries and meanwhile are able to pursue a stable and happy life.

In 2015, Taiwan Fu Hsing, with its corporate culture "honesty", devoted in the promotion of labor conditions and worked hard to create happy working environment and labor-capital's win-win situation. During the year, Taiwan Fu Hsing was highly recognized and won the first Kaohsiung City Top Ten Happiness Enterprises Award" conferred by the Labor Affairs Bureau of Kaohsiung City Government. And in 2020, Taiwan Fu Hsing once again was selected as one Happy Enterprise in Kaohsiung, and won the award in categories of "Gender Equality" and "Welfare". In 2016, the Sports Administration, Ministry of Education started to promote the "Sports Enterprise" certification program and in the first year there were only 50 enterprises certified. Taiwan Fu Hsing with its years of support in social sports event n and our inner cultural to promote health and exercises was received the honor as one of the fifties "sport enterprises" in Taiwan in the very first year. In 2017 after a strict on-site review by the Sports Administration, Ministry of Education, the qualification to receive the sport enterprise certification was postponed to 2018. In 2019, the Company received the honor of "sport enterprise" again, and in 2022 received Taiwan iSport badge from Sports Administration.

In addition, the Company has long-term support for the development of local art and cultural groups (like the BEAN THEATER) and continues to contribute to art and culture. We also sponsor professional institutions such as WeiWuYing National Kaohsiung Center for the Art, Pier 2 Art Center, etc. to continue to import art resources to the local society and enhance local cultural accomplishment. After winning the "Art and Business Award" from the Ministry of Culture for three consecutive years since 2017, Taiwan Fu Hsing once again won the recognition of the "Art and Business Award-Corporate Culture Award" in the 16th session.

In the past few years, Taiwan Fu Hsing has actively created a people-oriented, diverse and inclusive environment. Taking migrant workers that accounted to almost 25% of the total employees as an example. It is expected the promotion of charity programs is able to help enhance migrant worker's life in Taiwan and provide more information to the public, so local society is able to better understand migrant worker. This is a way to create a "good" circulation. In 2019, we started to entrust NGO group 1/40 and Kao Yuan University to design and provide series of "Foreign Labor Empowerment Curriculum", so that foreign labors have opportunities to learn more different knowledge and skills and are able to pursue their own dreams. In 2020, through the cooperation with 1/40, we held a special

exhibit, “Turning Around, Taiwan”, themed at foreign labor’s life. The exhibit received positive feedback from the society and was recognized by PwC with the grant of Bronze Medal in the “PwC CSR Influential Power Award”. In the same year, the Company also won the "Special Jury Award" at the Taipei Golden Eagle Micro-Movie Festival hosted by the Taiwan Institute for Sustainable Energy (aimed at "discovering the story of corporate sustainable development and fulfilling social responsibility"), where all unanimously agreeing with the theme of migrant worker’s care, "Excellent performance, special issues", and it is the only micro-film that responds to the key points of the UN’s Sustainable Development Goals, in “reducing inequalities and ending poverty”. In 2022, we were awarded the first “TSAA Taiwan Sustainable Action Award" by the same institution. In addition, in 2022 we participated in the first DEI Diversity and Inclusion Vision Award organized by Womeny, Linkedln, and Deloitte, and was selected as the "Local Enterprise Group Silver Award", becoming the only award-winning enterprise in the manufacturing industry.

In terms of creating a healthy workplace, we actively implement smoke-free and health promotion measures in the workplace, establish an excellent and healthy working environment, and work hard on sports culture. We have obtained the three-stage healthy workplace certification promoted by the Ministry of Health and Welfare for three consecutive years, including "2014 Tobacco Harm Prevention and Control Label" → "2015 Health Activation Label" → "2016 Health Promotion Label" → "the extension of the 2019 Health Promotion Label along with the “Vitality Award of the 2019 Outstanding Healthy Workplace ", and has completed the highest Level of Healthy Workplace Certification. In addition, we were once again recognized by the Occupational Safety and Health Administration's "Healthy Workforce" as an outstanding occupational health and safety unit in 2023. Frequent recognition from official units proves that our long-term efforts for healthy human resources and sustainable corporate culture can withstand the most stringent inspection.

In general we have the following characteristics in the field of “labor relations”:

1. Competitive overall remuneration:

   While designing the remuneration system, the direction aims at stimulating employees to challenge higher remunerations based on a stable salary base. The overall remuneration includes basic salary, rewards, and employee bonuses. The basic salary is determined by education, experiences, professional skills, and work performance. The company will never determine employees’ salary by their gender, religion, racial, nationality, political party, etc.… The remuneration and protection of work conditions for every Fu Hsing staff are completely in compliance with local labor law and standards made by the International Bill of Human Rights. Also, the salary base was adjusted according to market standard and the Company’s operational achievement. Since 2017, the salary increase as a whole was more than

4%.

2. Stable and healthy labor structure

   We value gender equality and make every effort to treat employees equally regardless in the appointment or promotion. According statistic records, Fu Hsing in 2023 had 2,440 employees. The numbers of male and female employees are quite similar.

3. Recruitment through multiple channels

   Fu Hsing's employee recruitment and appointment system is transparent. We mainly use 104 Bank in Taiwan to recruit talents and also adopt different recruiting channels, such as direct newspaper advertisement, leaflets, electronic signboard, career station, etc to more flexibly look for appropriate employees according to the vacant posts. For special, higher level and professional manpower, we also collaborate with high-level manpower agency (head hunters) to recruit. Other recruiting channels, such as university's career expo, professional institution's talents recommendation, or through employee's recommendation, etc… can also help people find qualified human resources. In addition, for meeting the trend of fertility decline and professional deficiency in mechanical field, Fu Hsing also cooperated with universities through internship system to lock on outstanding personnel in advance.

   The 7 internship students from National Kaohsiung University of Science and Technology in 2021 ~ 2023 have been trained in the areas of stamping molds, product design, and production and manufacturing, and after their internship, we have retained superior students to work with the Company. In addition, we also cooperated with the "New South-Bound International Programs of Industry-Academia Collaboration" of the Cheng Shiu University and provided 23 Indonesian students with summer work-study opportunities, and collaborated with Shu-Te Home Economics and Commercial High School's "Special Class for Overseas Chinese Students" program and provided 30-35 overseas Chinese students with work-study opportunities during winter vacation and between classes, so that international students are able to learn about off-campus skills training through actual workplace participation. In 2023, we continued to deepen our cooperation with National Kaohsiung University of Science and Technology through programs such as lectures by industry teachers and industry-university internships to enhance brand awareness. As for the practice to recruit employees, following Taiwan Fu Hsing's SER policy, we will never recruit child labor that is under 16 years old and forced labor. We treat all employee fairly and equally regardless their origin, gender, religion, racial, nationality, or political attribute.

4. Fair and objective performance evaluation system

The company has a comprehensive and thorough performance management structure. For new employees that hold the post for 3-6 months, we will carry out a “probation assessment” to understand the employee’s adaptation situation and provide necessary support if there is any. For all the current employees, a year end “Annual Performance Assessment” is given in every November to carry out performance evaluation and the Company stresses on “objectivity”, “Fairness”, and “Two-way communication in such evolution. In additional to assess personal job function, starting from 2017, besides assessing unit’s KPI, the Company also takes a step further to carry out personal KPI assessment. All assessments are evaluated in a whole and finally concluded after a performance interview. It is hoped by open and consistent assessing standard as well as a direct two-way communication, superintendents and employees are able to obtain a consensus. In addition, results of the assessment are provided as a basis for individual’s training and development and are also directly connecting to promotion and rewards. We hope by the assessment system, we can stimulate all employees work motivation continuously.

5. Transparent communication and harmonious relationship

The Company has proposal-making system and QCC improvement team. Employees can propose suggestions for improvement at any time. The proposal, once being adopted, is given rewards according to its significance level, hoping to stimulate employees to have better creativity. Besides, according to laws the Company convenes labor conference at least 1 time in every quarter. Through the meeting, the company thoroughly communicates the operation information, labor benefits and other situation with its employees to build a consensus between the company and its employees and create a good relationship to maintain labor-capital harmony and establish consensus. In 2023, the mother company convened 4 labor conferences in total. Also, the company vigorously promotes corporate SER (social and environment responsibility) implementation. Besides new employees’ training sessions, the Company also regularly advocates CER concepts through seminars and written advertisements to promote the related ideas to supervisors and employees. In addition, compliant channels are established and made public to employees; so that employees are able to report any SER violation issues to ensure the implementation and promulgation of the company’s SER policy. For truly understanding what employees think and feel, the Company carried out an Employee Satisfaction Survey in March 2020. With almost 90% employee’s participating and evaluation, the Company received very high satisfactory grade with 5 points out of a total 6 points in the areas of Corporate Culture, Welfare System, and Work Balance. The Group President not only illustrated the results and expressed his appreciation to all the employees with an open letter, but also further

led a team to strengthen areas that needed to be addressed in order to realize the Company's promise of Mutual Benefit with its employees.

6. Education training

The Company has established a comprehensive and diversified training system for employees, including new staff training, on-the-job training, coaching practice, rotation system, lectures on various topics, etc. We hope that through rich and diversified learning channels and appropriate career development plans, all colleagues will have the opportunity to freely develop and work with the Company and move towards the goal of sustainable talent and diversity and inclusion, so as to stimulate the team's innovation ability and enhance the production capacity.

i. Annual education and training achievements: our educational training in 2023 included internal new staff training, training by post stratums, on-job general and professional training, AEO and SER annual refresher training, project talents cultivation courses, and external training as needed in various posts and working system.

ii. Establishment of autonomic learning: for driving organizational culture's transformation, aiming at "autonomic learning", we developed personalized learning path to facilitating self-achievements and connected staff's learning effects to work performance, and then to achieve the organization's target. In 2023, all indirect employees' KPI target has been added with 12 hours of professional skill training per year to strengthen staff's self-development capabilities and increase staff's focus on employee education and training.

iii. Develop diversified learning models: provide employees with diversified learning options through various training channels and resources, including supervisor reading circles and book clubs, and provide diversified online learning resources; female supervisors above the section level participating in "diversity and inclusion group workshop" to cultivate diverse viewpoints; plan special issues of Tofu magazine based on current affairs issues to communicate and share new knowledge in real time, etc.

Statistics on the implementation of education and training in 2023 as below:

Category	Female			Male			Total		
	Number of People	Training Hours	Average Training Hours	Number of People	Training Hours	Average Training Hours	Number of People	Training Hours	Average Training Hours
Director Labor	3,330	6,632	1.99	2,518	4,793	1.90	5,848	11,425	1.95
Indirect Labor	1,242	3,082	2.48	1,463	4,357	2.98	2,705	7,439	2.75
Management	349	977	2.80	614	2,438	3.97	963	3,415	3.55
Total	4,921	10,690	2.17	4,595	11,588	2.52	9,516	22,278	2.34

7. Certifications obtained by the company and the transparent financial information related persons:

(1) R.O.C. Accountant: 2 people.

(2) International CIA (Certified Internal Auditor): 2 person.

8. A comprehensive staff welfare network:

Welfare system that provides a comprehensive care to employees
• Holiday bonuses given in the Dragon Boat Festival and Mid Autumn Festival and Birthday cash gift
• Marriage allowance, maternity allowance
• Funeral grant, disability grant, hospitalization subsidy, critical illness support, and group accident insurance of 1mn
• A fixed amount lunch subsidy in staff restaurant
• Year-end dinner gather, raffle draw activity, show and art competition
• Company trip, themed family day activity
• On-job training subsidy
• School scholarship and bursaries
• Resignation subsidy, retirement subsidy

(i) Performance of the staff welfare committee

Taiwan Fu Hsing set up Staff Welfare Committee (the “Welfare Committee” hereinafter) as early as in 1983. The committee members are elected by employees to manage the welfare funds. The Welfare Committee establishes all kinds of subsidy standards and handles various activities based on employee’s needs.

In 2023, after the epidemic control was lifted, the Welfare Committee finally was able to fully resume employee activities. What we can’t wait to release is the group tour that employees are most looking forward to. The employee tour was launched at the end of February and was customized into different packages for employees with different personalities. The trips was handled with differentiation of “exquisite small group” or “large gathering fun” based on the characteristics of the attractions, and such planning had been widely praised by colleagues. In addition, taking advantage of the large-scale

local specialty market "Luokung Small Market" hosted by the Taiwan Fu Hsing Culture and Education Foundation, the Welfare Committee held a special event for the families of Taiwan Fu Hsing members before the event officially started, and provided each family members with exclusive souvenirs and gift vouchers to visit the special market in advance. In the second half of the year, in response to the pressure on production capacity, the Welfare Committee adjusted employee activity format and set up multiple basketball shooting machines at the end of the year in the factory site for employees to use during breaks. Bonuses were awarded every day after the top scorer of the previous day was selected. In addition, we also opened for team competitions; employees are able to form teams freely and compete with other teams, so that pressures are able to relived by sports competitions. In 2023, the employee welfare expenditures totaled NT$14.82 million , which increased by NT$1.28 million compared with 2022 and accounted to an incremental rate of 9.5%.

(ii) Comprehensive staff welfare facility:

- Multi-functional court: the construction of an indoor multi-functional court (can be used to play basketball, volleyball, and badminton).
- PE center: The opening hour of the PE center is 17:10~19:00 every Mondays to Fridays. All the employees are free to use the facilities including multi-functional treadmill, elliptical trainer, fitness equipment, pool table, ping-pong table, a Karaoke Room, a multi-functional yoga classroom. Here is the best play for employees to carry out fitness training, throwing birthday parties and doing community activities. (It was temporarily closed due to the pandemic.)
- Staff restaurant: provide a spacious, bright, simple and warm dining place with multi-functional audio-visual equipment. The restaurant facilities are built and maintained by the Company and are handed over to the Welfare Committee for operation and management. For having a 6 dishes and 1 soup 1 unlimited drink at the staff restaurant, employees only need to pay partial cost of the meal and the Welfare Committee subsidies the remaining. While is considering different diet needs, besides separating meat diet and vegetarian diet, we also customize a Philippine diet area to reflect different nation’s dietary preferences and taboos. The special diet area received good comments. (Due to the pandemic, we temporarily changed to provide lunch box.)
- Nursery Room: Nursery Room was set for female employee, who has infant with nursing needs. The Company not only provides time for nursing but also sets up a nursing room for providing employees with a private, comfortable, and warm nursing space. Facilities in the nursery room includes table, power plugs, refrigerator that is provided exclusively for storing breast milk, sink, UV disinfection box, etc…to provide convenience for our employees.

9. In the most recent year and up to the publication date of the annual report, only the parent company had a litigation case, which the Company handled in accordance with the court's decision. All the company systems are formulated in accordance with laws and regulations to actively safeguard labor rights and interests and continue to promote the harmonious development of labor relations.

10. Retirement benefit

Retirement reserve supervisory committee	● In order to effectively overlook the appropriation and use of the retirement reserve, the Company elects to appoint representatives from both the capital side and labor side to be the Retirement Reserve Supervisory Committee members in every four years according to laws and regulations in order to jointly manage the retirement fund. In Oct. 2022, members of the 9th Retirement Reserve Supervisory Committee were re-elected, in which 6 representatives were from the labor side and 3 representatives were from the capital side. The term of office started from November 2022 to November 2026. Currently the retirement fund management committee has 6 representatives from the labor side and 3 from the capital side. In 2023, 22 retirement application were reviewed.
A comprehensive pension system that also considers about humanity	●In consideration of statutory requirements, all the Company's domestic employees are applicable to the labor pension system stipulated by the Ministry of Labor, and the new system (Enforcement Rules of the Labor Pension Act) or the old system (Labor Standards Act) are applied respectively according to the employee's duty date and personal wishes. Starting from March 2012, the Company adjusted the retirement reserve appropriation rate to the highest level, 9% and 15%, and appropriated the highest reserve amount till now to provide highest level protection for employees to receive pension. Starting from April 2023, because there was sufficient fund in the retirement account reserve, the Company adjusted the portion of retirement fund reserve under the old system to 2% and continued make appropriations at the end of March each year into the retirement accounts of the retirement qualified labors of that year to ensure employees' right in the use of the retiring funds. ● In consideration of humanity, the company also considers that if an employee opts for old system. Under the old pension system, the employee is unable to meet the requirements once he has any significant changes in his life even though the employees has serviced in this company for many years already. In such circumstance, the employee is going to have a big loss in retirement benefit. In view of considering all the employees as Fu Hsing's relatives, the company established the "Employee Retirement Offer Method" in 2008. The Method was sent to the Labor Bureau for approval and as record. In 2017, after being reviewed by the Retirement Reserve Supervisory Committee, the age range of qualification to retirement has been lifted. It explicitly regulated that Fu Hsing employee, if his seniority and age adding together equals to or exceed 70, can apply for "voluntary early retirement application, even though his age is still under 65 years old. Once the company approves the application, the company should calculate the amount of pension depending on the seniority according to the Labor Standards Act. This measure benefits many employees who have a certain seniority but have not yet met the age requirement to retire. Senior employees who have sudden changes at home can smoothly retire from the workplace and to focus on their families, so as not to suffer losses due to not reaching the statutory retirement qualifications.

(7) Information security management

A. Management Strategy and Structure of Information Security

(i)Information Security Risk Management Structure

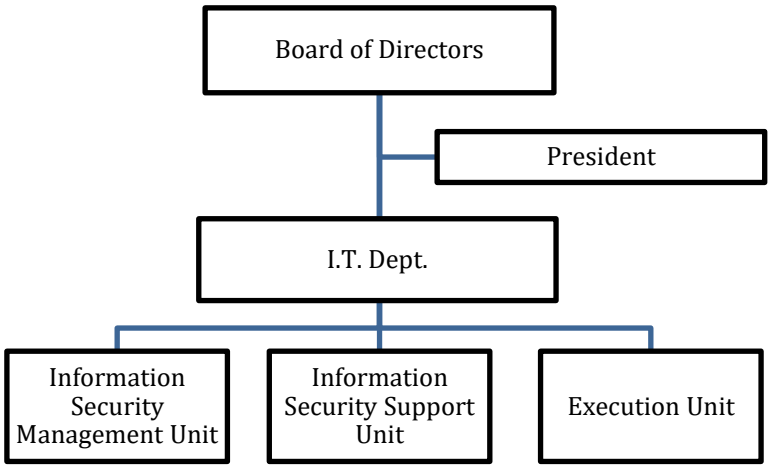
a. Governance Unit for corporate information security

Taiwan Fu Hsing Industrial Co., Ltd. established an information security risk management team in 2019. The President of the Company served as the supervisory unit, and the head of the Information Department served as the convener to

regularly assess information security risks and report to the board of directors on November 3, 2023 regarding the Company's information security related measures in the near future.

The management team is responsible for the formulation, implementation, risk management and compliance checking related to information security and protection, and the head of Information Dept. summarizes and report to the President regarding information security management effect, issues in relation to information security and the execution directions.

b. Organization Structure of Information Security in Taiwan Fu Hsing Co., Ltd.



(ii) Information Security Policy

a. Information Security Policy

The Company formulates information security related procedures and standards, such as information security procedures booklet, methods to apply and management internal computer user’s account, information equipment management methods, etc.

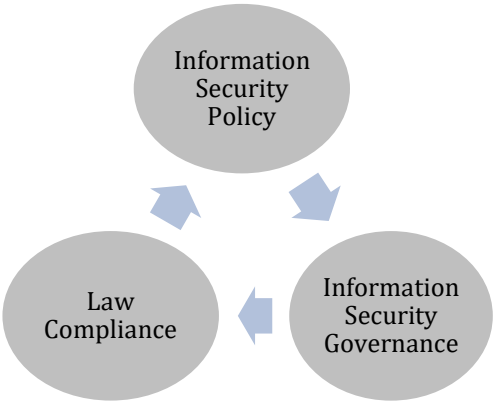
b. The Governance of Information Security

(1) Establish information security standards and management, establish training to enhance employee’s awareness and response abilities in the light of information security, introduce information security technology and encryption system, and conduct regular security testing.

(2) Strengthen system’s reliability, implement information system decentralization, carry out access control policies, and improve information security defense systems.

c. Law Compliance

Establish information security related standards and regulations, and conduct regular content review and revision.



d. Specific Management Measures:

(1) System Maintenance

- Real-time management of information system performance and network monitoring.
- Regular data backup and off-site backup measures, and regular system and data restoration drills and verification.
- Establish a backup line and backup equipment mechanism.

(2) Weakness & Threats

- Perform security detection measures such as the scan of host vulnerability.
- Set up protection measures, such as fire wall, antivirus, IPS active defense, mail filtering, etc…
- Regularly carry out security system updates

(3) Management on Limits to Authority

- Application is required both in computer access and system accounts and should be verified by the supervisor and management unit.
- Authority management shall be carried out in time upon employee's resignation or transfer.
- Access in and out of the Computer Room should be applied and recorded by swiping employee card for tracking purpose.

(4) Access Management and Control

- Sensitive information must be encrypted and protected, and an

access authorization must be applied.

- USB disk control and control.
- Company network access must be verified by computer account.
- Introduce VPN multi-factor authentication to improve the authentication control mechanism.

(5) Operational Risks

- Invest in information security related insurance to reduce the risk of business operations.

(6) Training and Propaganda

- Regularly hold information security related education and training to enhance employees' awareness of information security.
- Irregularly conduct email social attacks to strengthen employees' awareness, and enable automatic filtering and protection mechanisms for phishing emails and virus emails.

e. The Investment that puts into Information Securities

Information Security Measures	Effects	Execution Situation
Information Security Policy	8 Company Standards related document were completed.	Revise information security regulations year by year from 2014 to 2023.
Employee Training	1. All new employee completed educational training in relation to information security. 2.Regular employee's AEO annual re-training on supply chain safety.	1. There were about 522 new employees (include leave without pay > 3 months) in 2023, with a total of 261 training hours. 2. There were 1,167 persons receiving AEO re-training. The training hour was 1 hr/a total of 58 persons for key unit personal training. Training hour was one hour. 3. Training's completion rate: 100%.
Propaganda of Information Security	1.Irregularly send out information security related notices to enhance employees' awareness on information security 2. For phishing emails/ disguised malicious emails , the Company irregularly send out information security related notifications to remind employees to pay attention to such issues. 3. Carry out email social attack drills to increase employee's information securities awareness regarding abnormal emails.	1. Send out emails from time to time to promote employees' awareness of information security 2. 100% execution rate
Information Security Inspection	Regularly appoint an information security consulting company to conduct information security inspections, make	1. Penetration Testing / Vulnerability Scanning 2. 100% execution rate

and Testing	improvements for deficiencies, and enhance system protection.	
Information Security related Insurance	Review the status of the internal information system every year, and purchase information security insurance to prevent operational losses caused by information security incidents.	1. Annual execution rate: 100% 2. Insured amount: US$3 million.
Information Security system	1. Introduced multi-factor verification services 2.Replace and update fire wall system 3.Import reverse proxy system 4.Perform server vulnerability improvements, patching and system updates 5.Perform annual disaster recovery drills and conduct regular backup and restore verification measures	1. Execution rate: 100% 2. Execution rate: 100% 3. Execution rate: 100% 4. Execution rate: 100% 5. Execution rate: 100%

B. Risk of Information Security and the Corresponding Policy

The advancement of information technology is closely related to the changes in the entire industrial environment, especially for information security threats. The Company hopes to reduce operational risks through continuous progress in information security response measures.

(A) Information Technology's Security Risks and Management Measures

The Company deploys information security protection measures for the internal network and computer system to reduce information security threats and attacks. However, in the face of the ever-changing system loopholes, viruses and hacker attacks, it is still impossible to completely avoid network attacks from any third-party malicious behavior.

i. For external internet behaviors, the Company has set up protection mechanisms, such as firewalls, active defense, anti-virus wall, etc…
ii. Mail filtering system is installed to filter malicious behaviors such as phishing emails, fraudulent letters, etc. to achieve protection, and also drills in relation to phishing email attacks are held to improve employees' information security awareness.
iii. Anti-virus software is installed on computer equipment, and the operation system and the software's safety system are regularly updated.
iv. Important documents have been encrypted and controlled, and company personnel and suppliers have signed confidentiality agreements to reduce the risk of data leakage.

v. Regularly perform automatic backup, off-site backup and restore verification for important data and information systems, and establish a backup mechanism for the core system.
vi. Network and information systems are regularly conducted information security testing (weakness scanning, penetration testing) to review internal systems and make improvements.

The Company regularly inspects the internal network and work system, and continuously improves and refines information security protection measures to reduce the threats brought by information security.

C. Major Information Security Incidents

The 2023 information security notices mainly covered the occurrence of information security threats and attacks such as ChatGPT use abuse, AI voice forgery, data leakage, and blackmail attacks caused by the development of artificial intelligence technology. Information securities unit follows information security standards for protection and choose excellent information security vendors and system maintenance vendors to activate active defense mechanisms in SPAM email filtering systems and firewall systems to block and protect them.

(8)Important contracts: none.

VI. Financial Situation

(1) Condensed Balance Sheets and Composite Statements of Income over the Past 5 Years

1-1. Condensed Consolidated Balance Sheet

Unit: NTD$1,000

Year / Accounts		Financial in the Past 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Current asset		$4,987,169	$5,649,732	$5,664,412	$5,472,266	$5,785,306
Real estate, plant and facilities		2,800,440	2,809,471	2,539,747	3,017,461	2,892,863
Intangible assets		29,349	29,524	26,469	25,136	6,959
Other assets		546,258	530,792	592,762	693,358	953,660
Total assets		8,363,216	9,019,519	8,823,390	9,208,221	9,638,788
Current liability	Before distribution	1,873,740	2,262,408	2,089,971	1,892,438	2,004,473
	After distribution	2,363,716	2,752,384	2,542,256	2,438,949	2,569,829
Non-current liability		882,362	793,678	620,499	609,983	594,273
Total liabilities	Before distribution	2,756,102	3,056,086	2,710,470	2,502,421	2,598,746
	After distribution	3,246,078	3,546,062	3,162,755	3,048,932	3,164,102
Equity attributable to the parent company		5,460,249	5,841,526	6,053,510	6,645,037	6,981,112
Capital		1,884,521	1,884,521	1,884,521	1,884,521	1,884,521
Capital surplus		567,114	567,114	567,114	567,114	567,114
Retained Earnings	Before distribution	3,271,146	3,597,841	3,795,391	4,281,299	4,667,232
	After distribution	2,781,170	3,107,865	3,343,106	3,734,788	4,101,876
Others equity		-262,532	-207,950	-193,516	-87,897	-137,755
Treasury stock		—	—	—	—	—
Non Controlling interests		146,865	121,907	59,410	60,763	58,930
Total equities	Before distribution	5,607,114	5,963,433	6,112,920	6,705,800	7,040,042
	After distribution	5,117,138	5,473,457	5,660,635	6,159,289	6,474,686

Note 1: Reviewed and certified by CPA.

Note 2: The 2023 cash dividend distribution proposal has been resolved by the board of directors.

1-2. Condensed individual balance sheet

Unit:: NTD$1,000

Year / Accounts		Financial in the Past 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Current asset		$2,407,229	$2,846,174	$3,062,762	$2,715,452	$3,103,837
Real estate, plant and facilities		791,922	800,059	816,269	1,322,146	1,287,324
Intangible assets		2,510	3,581	1,568	715	5,727
Other assets		3,658,990	3,885,115	3,695,637	4,142,947	4,264,255
Total assets		6,860,651	7,534,929	7,576,236	8,181,260	8,661,143
Current liability	Before distribution	1,127,648	1,415,437	1,311,005	1,301,954	1,438,164
	After distribution	1,617,624	1,905,413	1,763,290	1,848,465	2,003,520
Non-current liability		272,754	277,966	211,721	234,269	241,867
Total liabilities	Before distribution	1,400,402	1,693,403	1,522,726	1,536,223	1,680,031
	After distribution	1,890,378	2,183,379	1,975,011	2,082,734	2,245,387
Capital		1,884,521	1,884,521	1,884,521	1,884,521	1,884,521
Capital surplus		567,114	567,114	567,114	567,114	567,114
Retained Earnings	Before distribution	3,271,146	3,597,841	3,795,391	4,281,299	4,667,232
	After distribution	2,781,170	3,107,865	3,343,106	3,734,788	4,101,876
Others equity		-262,532	-207,950	-193,516	-87,897	-137,755
Treasury stock		—	—	—	—	—
Total equities	Before distribution	5,460,249	5,841,526	6,053,510	6,645,037	6,981,112
	After distribution	4,970,273	5,351,550	5,601,225	6,098,526	6,415,756

Note 1: Reviewed and certified by CPA.

Note 2: The 2023 cash dividend distribution proposal has been resolved by the board of directors.

2-1Condensed consolidated income statement

Unit: NT$1,000

Year / Accounts	Financial in the Past 5 Years (Note 1)				
	2019	2020	2021	2022	2023
Revenue (Net)	$8,681,906	$9,033,976	$9,686,119	$9,530,920	$9,073,439
Gross margin	2,057,040	2,164,759	1,688,200	1,848,077	2,064,872
Operating profit	1,139,882	1,219,309	763,609	904,292	1,146,812
Non-Operation income (Expense)	14,341	-114,171	49,621	300,921	129,899
NIBT	1,154,223	1,105,138	813,230	1,205,213	1,276,711
Continuing operation's income	843,191	832,650	673,853	914,554	949,623
Loss from discontinued operations	-	-	-	-	-
Net income (loss)	843,191	832,650	673,853	914,554	949,623
Other comprehensive income or loss (Net amount after tax)	-108,207	50,657	34,494	134,261	-63,821
Total comprehensive Income (Loss)	734,984	883,307	708,347	1,048,815	885,802
Net profit attributable to owner of the parent	825,693	823,839	667,479	909,759	947,274
Net Profit attributable to minority interest	17,498	8,811	6,374	4,795	2,349
Total comprehensive income attributable to owner of the parent	718,516	871,253	701,960	1,043,812	882,586
Total comprehensive income attributable to minority interest	16,468	12,054	6,387	5,003	3,216
Earnings per share (Note2)	4.38	4.37	3.54	4.83	5.03

Note 1: Reviewed and certified by CPA.

Note 2: Basic EPS (NTD$1)

2-2Condensed individual income statement

Unit: NT$1,000

Year / Accounts	Financial in the Past 5 Years (Note 1)				
	2019	2020	2021	2022	2023
Revenue (net)	$6,153,109	$6,496,926	$6,664,013	$6,758,383	$6,670,652
Gross margin	1,209,718	1,356,365	1,071,651	1,135,701	1,307,215
Operating profit	700,136	827,946	588,171	614,284	743,084
Non-Operation income (Expense)	320,813	193,826	213,038	489,897	413,437
NIBT	1,020,949	1,021,772	801,209	1,104,181	1,156,521
Continuing operation's income	825,693	823,839	667,479	909,759	947,274
Loss from discontinued operations	—	—	—	—	—
Net income (loss)	825,693	823,839	667,479	909,759	947,274
Other comprehensive income or loss (Net amount after tax)	-107,177	47,414	34,481	134,053	-64,688
Total comprehensive Income (Loss)	718,516	871,253	701,960	1,043,812	882,586
EPS (Note 2)	$4.38	$4.37	$3.54	$4.83	$5.03

Note 1: Reviewed and certified by CPA

Note 2: Basic EPS (NTD$1)

3.Certifying accountants over the past five years and the audit opinions

Year	Accounting Firm	Name of Accountants	Audit Opinion
2023	PwC Taiwan	Wang, Chun-Kai Wu, Chien-Chih	Unqualified Opinion
2022	PwC Taiwan	Wang, Kuo-Hua Wu, Chien-Chih	Unqualified Opinion
2021	PwC Taiwan	Wang, Kuo-Hua Wu, Chien-Chih	Unqualified Opinion
2020	PwC Taiwan	Wang, Kuo-Hua Wu, Chien-Chih	Unqualified Opinion
2019	PwC Taiwan	Wang, Kuo-Hua Liao, A-Shen	Unqualified Opinion

(2) Financial analysis over the Past 5 Years

1. Analysis on consolidated Financial

Year / Analysis Factor (Note2)		Financial analysis in the Past 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Financial Structure %	Debt ratio	32.96	33.88	30.72	27.18	26.96
	Ratio of L-T Capital to Fixed Assets, plants, and equipment	231.73	240.51	265.12	242.45	263.90
Solvency%	Current ratio	266.16	249.72	271.03	289.16	288.62
	Quick ratio	212.36	191.59	192.42	219.51	242.16
	Times interest earned	148.73	154.24	139.28	197.77	161.07
operating ability	Account receivable turnover (times)	5.76	5.41	5.30	5.80	5.68
	Average Collection Days	63	67	68	62	64
	Inventory turnover (times)	6.46	5.88	5.35	5.08	5.98
	Account payable turnover (times)	6.05	5.62	5.73	6.52	6.78
	Average days sales in inventory	56	62	68	71	61
	Fixed properties, plants and equipment turnover (times)	3.17	3.22	3.62	3.43	3.07
	Total assets turnover (times)	1.07	1.04	1.09	1.06	0.96
Profitability	Return on assets (%)	10.24	9.55	7.53	10.15	10.12
	Return on Equity (%)	15.11	14.24	11.05	14.19	13.78
	NIBT to Paid-in-Capital (%)	61.25	58.64	43.15	63.95	67.75
	Profit margin (%)	9.51	9.12	6.89	9.55	10.44
	EPS (dollar)	$4.38	$4.37	$3.54	$4.83	$5.03
Cash Flow	Cash flow ratio (%)	67.54	10.14	38.33	72.6	42.04
	Cash flow adequacy ratio (%)	126.14	97.17	76.14	90.39	106.02
	Cash re-investment ratio (%)	10.79	-3.29	3.87	10.76	3.30

Leverage	Operation leverage	2.09	2.03	2.77	3.10	2.79
	Financial leverage	1.01	1.01	1.01	1.01	1.01

Note 1: Reviewed and certified by CPA.

Analysis on more than 20% changes in the ratios over the most recent two fiscal years:

(1) The decrease of Cash Flow Ratio: mainly because part of the funds was invested in benefit certificates in 2023, resulting in a decrease in net cash inflow from operating activities.

(2) The decrease of Cash Re-investment Ratio: mainly due to the aforementioned decrease in net cash inflow from operating activities in 2023.

Note 2: Formulas:

1.Financial structure

(1) Debt ratio = Total liabilities / Total assets

(2) Ratio of Permanent Capital to Fixed Assets, plants, and equipment = (Total equity + non-current liabilities) / Net amount of fixed properties, plants and equipment

2. Solvency

(1) Current ratio ＝ Current assets / Current liabilities

(2) Quick ratio ＝ (Current assets – Inventories – Prepaid expenses) / Current liabilities

(3) Times interest earned = Net income before tax and interests / Interest expense of the term

3. Operating ability

(1) Account receivable turnover (including Account receivables and Notes receivables arising from operations) = Net sales / Average balance of all the receivables (including account receivables and Notes receivables arising from operations)

(2) Days sales in accountable receivable ＝365 / Account receivable turnover

(3) Inventory turnover = Cost of goods sold / Average inventories

(4) Account payable turnover (including Account payable and Notes payable arising from operations) ＝ Cost of goods sold / Average balance of all the payable (including Account payable and Notes payable arising from operations)

(5) Average days sales in Inventory ＝365 / Inventory turnover

(6) Fixed properties and equipment turnover ＝ Net sales / Net amount of fixed properties and equipment

(7) Total assets turnover ＝ Net sales / Average total assets

4. Profitability

(1) Return on assets ＝[NIAT + Interest expense(1-tax rate)] / Average total assets

(2) Return on equity ＝ NIAT / Average total stockholder’s equity

(3) Profit ratio ＝ NIAT / Net sales

(4) EPS ＝(Profit attributable to owner of the parent – dividend on preferred stock) / Weighted average total outstanding shares (Note 4)

5. Cash Flow (Note 5)

(1) Cash flow ratio = Cash flow generated during operation activities / Current liabilities

(2) Cash flow adequacy ratio = Net cash flow generated from operation activities in the past 5 years/(capital expenditure + increase in inventories + Cash dividend) of the past 5 years

(3) Cash re-investment ratio = (Net cash flow generated during operation activities – Cash dividend) / (Gross amount of fixed properties and equipment + Long-term investment + Other non-current assets + Working capital)

6. Leverage:

(1) Operation leverage = (Net sales revenue – Variable operation cost and expenses) / Operation profit (Note 6)

(2) Financial leverage = Operation profit / (Operation profit – Interest expense)

Note 3: The followings should be cautious while calculating EPS based on above formulas:

1. Should take the weighted average total number of common shares instead of the total issued shares at the year-end as the basis.
2. Whenever there is capital increase by cash or treasury stock transaction, the calculation of weighted average shares should also take the shares during the circulation period into consideration.
3. Whenever there is capital increase by earnings or capital increase by capital surplus, the calculation of EPS during the past years and the half year should take retroactive proportional adjustment based on the proportion of capital increase without considering the period during the capital increase.
4. If the type of preferred stock is a non-convertible cumulative preferred stock, the dividend of the year (no matter distribution or not) should be deducted from net income after tax or add to the net loss after tax. If the type of preferred stock is not cumulative, when there is still net profit after tax, the dividend on such preferred stock should be deducted from the net income after tax. No adjustment should be made if there is a loss after tax.

Note 4: While doing cash flow analysis, the following issues should be especially paid attention to:

1. Net cash flow generated from operation activities refers to Net cash inflow during operation activities in the Cash Flow Statement.
2. Capital expenditure refers to Cash outflow as capital investment every year.
3. Increase in inventory should only be taken into account when the ending balance is greater than the beginning balance. If the inventory decreases during the year, use 0 to calculate.
4. Cash dividend includes cash dividend for both common stock and preferred stock.
5. Gross amount of Fixed properties and equipment refers to the total amount of fixed properties and equipment before deducting cumulative depreciation.

Note 5: The issuer should classify all the operation costs and operation expenses into fixed and variables, and should pay attention to the consistency when the classification is not easy to make.

Note 6: If the company’s securities have no face value or face value other than NT$10, the aforementioned formulas that involve calculations of paid-in capital should be replaced with the proportion of equity attributable to owners of the parent on the Balance Sheets to calculate.

2. Analysis on individual financial status

Analysis list (Note 2) \ Year		Financial analysis in the Past 5 Years (Note 1)				
		2019	2020	2021	2022	2023
Financial Structure %	Debt ratio	20.41	22.74	20.10	18.78	19.40
	Ratio of Permanent Capital to Fixed Assets, plants, and equipment	723.94	764.88	767.54	520.31	561.08
Solvency%	Current ratio	213.47	201.08	233.62	208.57	215.82
	Quick ratio	174.70	170.26	179.70	171.36	190.83
	Times interest earned	127,620	12,615	1,603	5,234	1,413
operating ability	Account receivable turnover (times)	6.52	5.99	5.58	6.02	5.59
	Average Collection Days	55	60	65	60	65
	Inventory turnover (times)	12.37	11.00	8.96	8.54	11.41
	Account payable turnover (times)	7.89	7.48	6.78	7.61	7.26
	Average Days Sales in Inventory	29	33	40	42	31
	Fixed properties, plants and equipment turnover (times)	7.78	8.12	8.23	6.31	5.10
	Total assets turnover (times)	0.91	0.90	0.88	0.86	0.79
Profitability	Return on assets (%)	12.29	11.45	8.84	11.55	11.26
	Return on Equity (%)	15.50	14.58	11.22	14.33	13.90
	NIBT to Paid-in-Capital (%)	54.18	54.22	42.52	58.59	61.37
	Profit margin (%)	13.49	12.74	10.03	13.48	14.23
	EPS (dollar)	$4.38	$4.37	$3.54	$4.83	$5.03
Cash Flow	Cash flow ratio (%)	71.63	22.64	70.52	64.69	30.74
	Cash flow adequacy ratio (%)	138.47	122.96	115.11	101.30	95.21
	Cash re-investment ratio (%)	6.23	-2.81	6.66	5.46	-1.39
Leverage	Operation leverage	3.40	3.49	4.41	4.97	4.00
	Financial leverage	1.00	1.00	1.00	1.00	1.00

Note1. Reviewed and certified by CPA.

Analysis on more than 20% changes in the ratios over the most recent two fiscal years:

(1) The decrease in Times Interests Earned: mainly due to the interest expense of new land lease liabilities in 2023.

(2) The increase in Inventory Turnover and decrease in Average Days Sales: mainly because there were more inventories in 2022

affected by the pandemic, and in 2023 the inventory level tended to become normal.

(3) The decrease in Cash Flow Ratio: mainly because part of the funds was invested in benefit certificates in 2023, resulting in a decrease in net cash inflow from operating activities.

(4) The decrease in Cash Re-investment Ratio: mainly due to the aforementioned decrease in net cash inflow from operating activities in 2023.

Note 2: Formulas:

1.Financial structure

(1) Debt ratio = Total liabilities / Total assets

(2) Ratio of Permanent Capital to Fixed Assets, plants, and equipment = (Total equity + non-current liabilities) / Net amount of fixed properties, plants and equipment

2. Solvency

(1) Current ratio ＝ Current assets / Current liabilities

(2) Quick ratio ＝ (Current assets – Inventories – Prepaid expenses) / Current liabilities

(3) Times interest earned = Net income before tax and interests / Interest expense of the term

3. Operating ability

(1) Account receivable turnover (including Account receivables and Notes receivables arising from operations) = Net sales / Average balance of all the receivables (including account receivables and Notes receivables arising from operations)

(2) Days sales in accountable receivable ＝365 / Account receivable turnover

(3) Inventory turnover = Cost of goods sold / Average inventories

(4) Account payable turnover (including Account payable and Notes payable arising from operations) ＝ Cost of goods sold / Average balance of all the payable (including Account payable and Notes payable arising from operations)

(5) Average days in sales ＝365 / Inventory turnover

(6) Fixed properties and equipment turnover ＝ Net sales / Net amount of fixed properties and equipment

(7) Total assets turnover ＝ Net sales / Average total assets

4. Profitability

(1) Return on assets ＝[NIAT + Interest expense(1-tax rate)] / Average total assets

(2) Return on shareholder’s equity ＝ NIAT / Average total stockholder’s equity

(3) Profit ratio ＝ NIAT / Net sales

(4) EPS ＝(Profit attributable to owner of the parent – dividend on preferred stock) / Weighted average total outstanding shares (Note 4)

5. Cash Flow (Note 5)

(1) Cash flow ratio = Cash flow generated during operation activities / Current liabilities

(2) Cash flow adequacy ratio = Net cash flow generated from operation activities in the past 5 years/(capital expenditure + increase in inventories + Cash dividend) of the past 5 years

(3) Cash re-investment ratio = (Net cash flow generated during operation activities – Cash dividend) / (Gross amount of fixed properties and equipment + Long-term investment + Other non-current assets + Working capital)

6. Leverage:

(1) Operation leverage = (Net sales revenue – Variable operation cost and expenses) / Operation profit (Note 6)

(2) Financial leverage = Operation profit / (Operation profit – Interest expense)

Note 3. The followings should be cautious while calculating EPS based on above formulas:

1. Should take the weighted average total number of common shares instead of the total issued shares at the year-end as the basis.
2. Whenever there is capital increase by cash or treasury stock transaction, the calculation of weighted average shares should also take the shares during the circulation period into consideration.
3. Whenever there is capital increase by earnings or capital increase by capital surplus, the calculation of EPS during the past years and the half year should take retroactive proportional adjustment based on the proportion of capital increase without considering the period during the capital increase.
4. If the type of preferred stock is a non-convertible cumulative preferred stock, the dividend of the year (no matter distribution or not) should be deducted from net income after tax or add to the net loss after tax. If the type of preferred stock is not cumulative, when there is still net profit after tax, the dividend on such preferred stock should be deducted from the net income after tax. No adjustment should be made if there is a loss after tax.

Note 4: While doing cash flow analysis, the following issues should be especially paid attention to:

1. Net cash flow generated from operation activities refers to Net cash inflow during operation activities in the Cash Flow Statement.
2. Capital expenditure refers to Cash outflow as capital investment every year.
3. Increase in inventory should only be taken into account when the ending balance is greater than the beginning balance. If the inventory decreases during the year, use 0 to calculate.
4. Cash dividend includes cash dividend for both common stock and preferred stock.
5. Gross amount of Fixed properties and equipment refers to the total amount of fixed properties and equipment before deducting cumulative depreciation.

Note 5: The issuer should classify all the operation costs and operation expenses into fixed and variables, and should pay attention to the consistency when the classification is not easy to make.

Note 6: If the company's securities have no face value or face value other than NT$10, the aforementioned formulas that involve calculations of paid-in capital should replaced with the proportion of equity attributable to owners of the parent on the Balance Sheets to calculate.

(3) Audit Committee's audit statement on the most recent fiscal year's financial report

Taiwan Fu Hsing Audit Committee's Audit Statement

Attn: Taiwan Fu Hsing Industrial Co., Ltd. 2024 General Shareholders' Meeting

In accordance with the Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, the Audit Committee have examined the company's operation report and motions of earnings distribution along with the Company's consolidated financial reports and the individual financial reports that were audited and signed by Accountants, Wang, Chun-Kai and Wu, Chien-Chih, of the PwC Taiwan and submitted by the Board of Directors for the year ending 2023, and found them in order.

Audit Committee of Taiwan Fu Hsing Industrial Co., Ltd.
Convener: Chang, Ling-Ling

March 6th, 2024

(4) Consolidated financial statements of the most recent fiscal year: please refer to Attachment I.

(5) The CPA certified individual company's financial statements of the most recent fiscal year: please refer to Attachment II.

(6) In the most fiscal year and up until the printing date of this annual report, if the Company and its affiliated companies have financial difficulties, what's the influences on the Company's financial situation: None.

VII The Review and Analysis of the Company's Financial Situation and Financial Performance and the related Risk Management

(1) Two-year comparisons on financial situation

Unit: NT$1,000

Item \ Year	2023	2022	Decrease/Increase in Amount	Decrease/Increase In %
Current assets	$5,785,306	$5,472,266	-$313,040	6%
Fund & Investments	465,172	498,594	-33,422	-7%
Property, plant, and equipment	2,892,863	3,017,461	-124,598	-4%
Other assets	495,447	219,900	275,547	125%
Total assets	9,638,788	9,208,221	430,567	5%
Current liabilities	2,004,473	1,892,438	112,035	6%
Non-current liabilities	594,273	609,983	-15,710	-3%
Total liabilities	2,598,746	2,502,421	96,325	4%
Capital	1,884,521	1,884,521	-	-
Capital surplus	567,114	567,114	-	-
Retained earnings	4,667,232	4,281,299	385,933	9%
Other equity	-137,755	-87,897	-49,858	-57%
Minor interests	58,930	60,763	-1,833	-3%
Total shareholder's equity	7,040,042	6,705,800	334,242	5%

1.Analysis on more than 20% changes in %:

(1) The increase in Other assets: mainly due to the prepayment of 270mn for purchasing land in Thailand in 2023.

(2) The decrease in Other equity: mainly due to the investments in securities (financial assets measured at fair value through other comprehensive income) and valuation adjustment at the end of the accounting period, as well as the changes in exchange differences in the translation of financial statements of foreign operating institutions.

2. Impacts of the changes: No significant influence to the Company's financial situation.

3. Future plan to meet the changes: Not applicable.

(2) Two year comparison on the financial performance

Unit: NT$1,000

Item \ Year	2023	2022	Increase / Decrease In amount	Increase/Decrease n %
Total sales (net)	9,073,439	9,530,920	-457,481	-5%
Operating Cost	7,008,567	7,682,843	-674,276	-9%
Gross Margin	2,064,872	1,848,077	216,795	12%
Operating Expenses	918,060	943,785	-25,725	-3%
Operating Profit	1,146,812	904,292	242,520	27%
Non-operating income and expenses	129,899	300,921	-171,022	-57%
Net income before tax	1,276,711	1,205,213	71,498	6%
Tax	327,088	290,659	36,429	13%
Net income after tax	949,623	914,554	35,069	4%
Other comprehensive income (after tax – net)	-63,821	134,261	-198,082	-148%
Total comprehensive income	885,802	1,048,815	-163,013	-16%

1. Analysis on more than 20% changes in %:

(1) The increase in Operating profits: the operating sales in 2023 decreased; however, the increase in gross margin, thanks to the depreciation of NTD and RMB and other favorable factors, as well as well control of operating expenses, increased the overall operating profits.

(2) The decrease in Non-operating income and expenses: mainly due to the decrease of about $240mn in foreign currency exchange gain in 2023 compared with in 2022.

(3) The decrease in Other comprehensive income (after tax - net): mainly due to the increase in unrealized evaluation losses of equity instrument measured at fair value through other comprehensive gains and losses in 2023, and the decrease in exchange differences in the translation of financial statements of foreign operating institutions.

2. Estimated sales volume in the future year and the basis: according to our experiences in the past and the observations of the trend of future industrial growth, we expect to sell 40,000~45,000 thousand units in 2024.

3. Possible influences on the company's future financial situation and the encountering measures: No significant influences on financial situation.

4. Future plan to meet the changes: Not applicable.

(3) Review and analysis Table on Cash Flows

1.Analysis on the changes in cash flow in current year

Unit: NT$1,000

Year / Item	2023	2022	Changes	
			Amount	%
Net cash flow	$-252,475	$419,715	$-672,190	-160
(1) Comparing to 2022, the net cash flow decreased in 2023 was mainly because partial funds are invested in beneficial certificates in 2023. (2) Improvement plan for insufficient liquidity: the Company has sufficient cash, and there is no insufficient liquidity problem.				

2. Liquidity Analysis for the future one year:

Unit: NT$1,000

Beginning cash balance	Estimated cash inflow from operating activities of the year	Estimated cash outflow of the year	Estimate amount of cash surplus (insufficient)	Supplement measures for insufficient cash	
				Investment planning	Financial planning
$2,186,559	$9,339,185	$9,142,207	$2,383,537	-	-
(1)Analysis on the estimated cash flow changes in 2024: A. Operation activity: Expect the Company can still maintain stable profit and cash inflow. B. Investment activity: Continued cash outflows regarding expenditures on the construction of new factory and the procurement and replacement of facilities are expected. C. Financing activity: Expect to have cash outflows due to cash dividend distribution. (2) The make-up plan for insufficient cash, and the analysis on solvency: We expect cash is enough in 2024.					

(4) Influences of major capital expenditure plan in the recent fiscal year:

The company's major capital expenditures in recent years mainly came from self-owned funds, and there is no major adverse impact on the company's financial situation.

(5) Main reason for the profit or loss of its invested company in the current year, and the improvement plan and investment plan in the future year:

Current strategy to make investment is focus on the expansion of product lines, and promotion of operation synergy and overall competitiveness. In 2023, the Company recognized NT$333,097 thousand dollars as profits from re-investments under equity method (i.e. profits from subsidiaries). The overall operation conditions in relation to such re-investments under equity method were good. In this year, we will continue to carefully evaluate investment projects based on our long-term strategic view to meet the need of operational development.

(6) Assessment of Risks

1. Organization structure for risk management:

Important risk assessment directions	1st layer - risk control unit	2nd layer – Deliberation and control mechanism	Board of Directors/ Internal Audit Office
Interest, exchange rate and financial risks	Investment Management Team	President Office	The Board: (Risk assessment & Final strategy mechanism) Internal Audit Office: (Risk review, assessment, improvement tracking, report)
Changes on material prices	Purchasing Dept.	Business Group	
New product's development, improvement, and substitute materials	R&D Center	R&D Meeting	
Extraordinary quality	R&D Center	Quality Control Meeting	
Production Arrangement	Production planning Dept.	Production & Sales Meeting	
Re-investment assessment	Investment Management Team	CEO Office	
Compliance to company standards and regulations	Superintendents of all the levels	Audit	
Litigation & Non-litigation issues	Legal affairs Team	President Office	
Shareholding changes among directors, supervisors, and major shareholders	Legal affairs Team	President Office	
Execution and management of the Board Meeting	Legal affairs Team	President Office	

2. Influences of the changes in interest rate, exchange rate and inflation on the company's profits, and the future response measures:

In the past year, the depreciation of NTD and the RMB against USD has positively helped the Company's operating results; however, the fluctuations in the price of bulk metal materials have brought challenges to the Company's operating results and costs. The Company will continue to adopt appropriate hedge measure for exchange rates and raw materials, and actively promote VAVE, the development of new products and other value-enhancing improvements to strengthen competitiveness.

The responses to risks are listed as below:

(1) Response to risks of interest rate: the Company has stable profits and sufficient working capital. We adopts floating interest rates for bank loans. Because there are loose funds in current market and interest rates are still maintained at low levels, we expect the interest rate risks will not be too large.

(2) Response to risks of exchange rate: the Company is mainly doing exporting business, so exchange rate fluctuation does have direct effects on exporting sales. We will continue to carry out appropriate hedge strategy by forward selling and increase import purchases with the expectation to reduce the exchange rate fluctuation risk.

(3) Response to risks of inflation: although the prices of international energy and bulk raw materials have come stabilized, the Company will continue to review the suitability of various consumption, and through measures such as research and development of alternative materials, control of procurement costs, and reduction of unnecessary expenditures, we expect to utilize resources more effectively and to reduce operating pressure.

3. Main cause of profit or loss resulted from carrying out high risk, high leverage investment, loaning fund to others, endorsements and guarantees, and strategy on derivative merchandises transactions; and the countermeasures in the future:

(1) When loaning funds to others, making endorsements/guarantees, and carrying out transactions in relation to derivatives, other than the need to comply with according laws and regulations, the Company also regulates to handle such transactions in accordance with the established "Work Procedures to loan funds to others", "Work Procedures to make endorsement/guarantees", and "Work Procedures to involve in derivative merchandise transactions".

(2) Derivative merchandise transactions that the Company involves include forex option for hedge purpose, forward foreign exchange transactions, and bulk materials metal future options. The purpose is to evade risks in relation to foreign exchange rate fluctuation for export business and reduce pricing fluctuation risks of metal materials.

4. Planned product development and estimated capital investment in product R&D:

(1) Mechanic door lock:

a. For household door locks, by utilizing current Grade 2 and Grade 3 structure as the base, we aim at providing wider range of product combinations to best suit the needs in residential complex market in North America. For the needs of product appearance, mechanical strength, fitting, and others, we will especially strengthen the diversified choices of appearance, provide a complete set of products from auxiliary locks, tube locks to large handle locks according to customer's style, and continue to improve the surface treatment level and specification of products, providing more color options and combinations to meet Consumers' diverse home design styles. At the same time, we are also actively trying new materials and new processes to overcome the limitations of existing materials/processes and achieve breakthrough new appearance designs.

b. For commercial use medium to heavy door products, the focus will be using

ANSI/BHMA Grade 1 products and obtaining UL fire certification to meet the building regulations of various regions, continuing to add different functions and provide more complete product line, and developing special functional surface treatment (such as antibacterial coatings) to meet specific market needs. We will move toward the development of commercial products with modern exterior and styles, the enhancement on the matching of household products and commercial products to meet the needs of collective housing, the expansion of market coverage, and the ultimate goal of breaking the high-tech threshold and providing high value added products.

c. The Company has become one of the members in the Builders Hardware Manufacturer Association (BHMA), thus we can react more timely and quickly to product certification updates, regulation changes, and others. In addition to our commercial door lock products that have obtained US standard BHMA certification labor, our household product line also continues to obtain the BHMA certification labor. In response to the trend of horizontal integration in the future, we will further expand our lab's test elements and abilities and continue to strengthen our products 'competitiveness in all the markets.

(2) Electronic door lock:

a. The existing individual version of the product line is becoming more and more complete. In addition to having a variety of options for input interfaces, including key-type, touch-panel type, and thin-film key-pad electronic locks, we will continue to expand the product line of biometric electronic locks. We'll continuously optimize products, enhance product price competitiveness, and differentiate product appearance for different customers to increase sales breadth.

b. While more and more electronic products are able to connect to smart phones, we have developed electronic locks with Bluetooth connection function, and plan to integrate the products with cloud system and wifi technology, upgrade Bluetooth door lock to have far-site remote control function. At the same time, we also continue to pay attention to the development trends of IoT, including the new Matter technologies and protocol-related applications. Through cloud connection, mobile apps can be further integrated with third-party platforms, such as Apple Homekit, Google Home, and Amazon Alexa, to connect other IoT devices and create new applications and user experiences.

   In addition to building our own cloud services, we also strengthen technical cooperation with customers, integrate electronic locks with customers' existing IoT platforms, and help customers provide more complete smart home solutions to expand the customer base and touch more self-owned 3C providers, new ventures, and IoT services provides that are not in the traditional door lock market.

c. For commercial use electronic door locks, the market always requires more intense integration power in electro-mechanical technology and software. With the

strengths in the mechanic door lock's manufacturing ability, R&D ability, and professional supports from its partners, Taiwan Fu Hsing, is able to develop a comprehensive door lock system in the light of commercial door lock's use environment, like in residential complex, using the support of technologies to meet today's trend, lower consumer's burden in public area's access control management, and meet consumer's demand.

(3) The planned R&D investment: The planned R&D expense in 2024 is NT212,749 thousand dollars.

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

There was no impact on the Company's financial operations due to the changes in domestic major policies or regulations. Besides, the Company centers on developed nations, such as U.S. and EU, where have relatively stable regulations and policies, so foreign policies and regulations should not cause significant influence on our financial situation. However, we will still keep an eye on the external changes.

6. Effect on the company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:

(1) The Company has introduced in the ERP system and will keep improving the system and integrating resources, so that we are able to review from timely information to response quickly to market demands and modify the Company's operational strategy.

(2)In recent years, consumers had more demands from door lock, no matter in the safety, function, or appearances, and this was especially obvious in the market of electronic door locks. Hence, for further cultivating the market and keeping our leading position, Taiwan Fu Hsing has actively integrated our products with computer software, smart phone applications, and wireless communication technologies to keep developing products with high competitiveness.

(3) The advancement of information technology is closely related to changes in the entire industrial environment, especially for information security threats. The company has deployed information security protection measures for the internal network and computer systems to reduce information security threats and attacks. In the face of ever-changing system vulnerabilities, viruses and hacker attacks, the company continuously improves and optimizes information security protection measures through proactive defense behaviors, such as establishing firewalls, establishing email filtering systems, installing antivirus software, and regularly conducting information security inspections. Reduce the threat posed by information security.

7. Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response: Not applicable.

8Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: There is no significant merger or acquisition project.

9 Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken:
There is no major factory expansion project.

10Risks associated with any centralized sales or procurement, and mitigation measures being or to be taken: Not applicable.

11Effect upon and risk to the company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: Not applicable.

12Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: Not applicable.

13Litigious and non-litigious matters:
Major litigious, non-litigious or administrative disputes, regardless of being concluded by means of a final and un-appealable judgment or is still under the litigation process, that involves the company and/or the company’s director, supervisor, the President, any person with actual responsibility for the company, any major shareholder holding a stake of greater than 10 percent, and a subordinate company, and is possibly materially affect shareholders' equity or the prices of the company's securities: No such situation until the printing date of this annual report.

14 Other significant risk and mitigation measures being or to be taken: No other significant risks.

(7) Other important matters: None.

VIII Special Notes

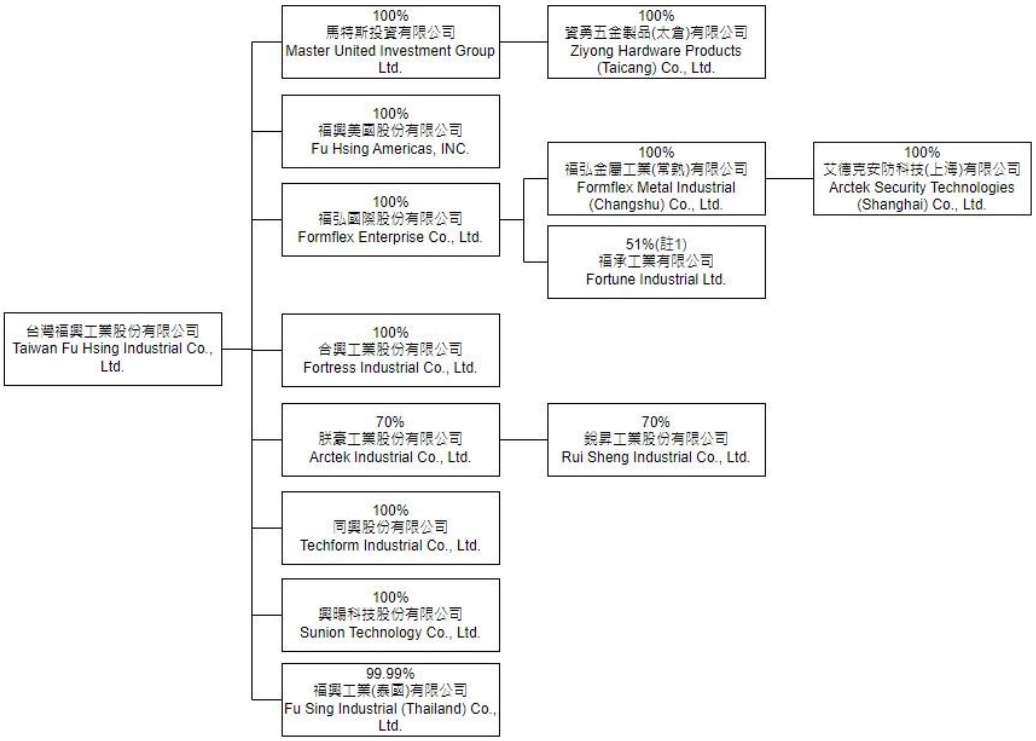
(1)Disclosures regarding affiliated companies

I. Organization status of the affiliated companies

(1) Organization chart of the affiliated companies

Data drawn on Dec. 31st, 2023

Taiwan Fu Hsing Industrial Co., Ltd.
Investment Structure Chart



Note 1: In the board meeting on 7/7/2023, the board of Ziyong Hardware Products (Taichang) Co., Ltd. resolved to transfer 100% equities in Arctek Security Technology (Shanghai) Co., Ltd. to Formflex Metal Industrial (Changshu) Co., Ltd., and the related share transfer process has been completed in August 2023.
Note 2: In the Shareholders' Meeting on 01/25/2024, it was resolved to cease the operation of Fortune Industrial Ltd. and complete the de-registration process.
Note 3: The liquidation process of ChangShu Fortune Packing Material Co., Ltd. has been completed in November 2023.
Note 4: The liquidation process of Fortress Door Control Product (Changshu) Co., Ltd. has been completed in November 2023.

(2) Company that is concluded as the existence of the controlling and subordinate relation according to Article 369-3 of the Company Act: No such situation.

(3) Company that is determined having a relationship of subordination or having

control power as subordinate according to Article 6 of the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises: No such situation.

II. Information on affiliated companies

Date Drawn on Dec. 31st, 2023

Unit: NT$1,000

企業名稱 Name of Enterprise	設立日期 Founding Date	地址 Address	實收資本額 capital	主要營業或生產專案 Business Scope
FU HSING AMERICAS, INC. 福興美國股份有限公司	May 25th, 1999	1424 Buford Business Boulevard Suite #100 Buford, GA 30518	9,637	Distribution of door locks and door closer related products.
Master United Investment Group Ltd. 馬斯特投資有限公司	Jan. 23rd, 1998	P.O.BOX3321,Road Town, Tortola, BRITISH VIRGIN ISLANDS	320,874	Reinvestment business.
Ziyong Hardware Products (Taichang) Co., Ltd. 資勇五金製品(太倉)有限公司	Mar. 27th, 1998	Next to National Highway 204 in Nanjiao Dist., Chengxiang Town, Taichang City, Jiangsu Province, P.R.C.	297,447	The manufacture, process, and sales of metal stamping products and the related surface treatment (painting)
Fortress Industrial Co., Ltd. 合興工業股份有限公司	May 16th, 2012	No.103, Hsingong 1st Rd., Dahsing Village, Beidou Township, Changhua County, Taiwan R.O.C.	399,300	The production and sale of door closer, panic exits and hinges related products.
Arctek (Shanghai) Safety Protection Technology Co., Ltd. 艾德克安防科技(上海)有限公司	Mar. 16th, 2012	No.11, 4F, Room 412, Allay 4666, Gonghexin Rd., Xiabei Dist., Shanghai City, P.R.C.	74,763	The sale of door closer and door hinge and floor hinge related products.
Formflex Enterprise Co., Ltd. 福弘國際股份有限公司	Feb. 1st, 2005	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa.	741,744	Reinvestment business.
Formflex Metal Industrial (Changshu) Co., Ltd. 福弘金屬工業(常熟)有限公司	May 12th, 2005	No.120, Huangpujiang Rd., Changshou National New & Hi-tech Industrial Development Zone, Jiangsu Province, P.R.C.	735,090	The production and sale of door locks and related parts
Fortune Industrial Ltd. 福承工業有限公司	Aug. 3rd, 2007	Unit 25, 2nd Floor, Nia Mall, Saleufi Street, Apia, Samoa.	13,133	Reinvestment business.
Arctek Industrial Co., Ltd. 朕豪工業股份有限公司	Jul. 27, 1994	No. 1, Sihai Rd. Sec. 1, Beidou Township, Changhua County, Taiwan R.O.C.	83,400	The production and sale of upper/lower hinge related products
Rui Sheng Industrial Co., Ltd. 銳昇工業股份有限公司	Apr. 28th, 2009	No. 1, Sihai Rd. Sec. 1, Beidou Township, Changhua County, Taiwan R.O.C.	10,800	The production and sale of upper/lower hinge related products
Techform Industrial Co., Ltd. 同興股份有限公司	Dec. 16, 2014	No.12, Bengong Rd., Kangshan Dist., Kaohsiung, R.O.C.	800,000	The processing and sale of hardware products
Sunion Technology Co., Ltd. 興暘科技股份有限公司	Aug. 16, 2019	No.69, 6F, Guangfu Rd., Sanchong Dist., New Taipei City, R.O.C.	55,000	The production and sale of parts for electronic locks
FU SING INDUSTRIAL (THAILAND) CO., LTD.	Apr. 27, 2023	NO. 238/7, 3RD FLOOR, RATCHADAPISEK	320,190	The production and sales of door lock and door closers related products.

		ROAD, HUAI KHWANG SUBDISTRICT, HUAI KHWANG DISTRICT, BANGKOK 10310		

III. Having the same shareholders in the controlling and affiliated company defined in the Company Act: None.

IV. Industries involved by the overall affiliated companies

i. Business of the company and affiliated companies: including manufacturing industry and investment industry.

ii. The company is mainly involved in the manufacturing and sales of door lock and door related metal accessories. Based on 2022 operations, the operation involving affiliated companies are stated as below:

The transaction among affiliated companies:

A. Sales Transaction:

Unit:NTD1,000

Item	Affiliated Party		2023
Merchandises sales	Subsidiary	FHA	$9,055
		Others	4,273
Labor sales	Subsidiary	Formflex (Changshu)	4,676
		Others	8,298
Total			$26,302

B. Purchase Transaction:

Unit: NTD1,000

Item	Affiliated Party		2023
Merchandises Procurement	Subsidiary	Formflex (Changshu)	$1,759,339
		Techform Industrial	412,270
		Sunion	159,128
		Ziyong (Taichang)	72,593
Labor expenditures	Subsidiary	F.H.A.	67,498
Total			$2,470,828

V. Loaning of funds situation

Unit: NT1,000

Borrower	Accounts	Whether the borrower is a related party	The highest amount endorsed during the period	Ending balance in the period	Amount actually used	The range of interest rate	Type of the fund	Amount of business transaction involved	Reason for short term financial needs	Allowance for bad debt amount appropriated	Collateral		Ceiling of funds loaned to a single company	Ceiling of Total Loan Fund	Note
											Name	Value			
Arctek Security Technologies (Shanghai) Co., Ltd.	Other Account Receivable – Related party	Yes	$138,640	$ -	$-	2.00	Note 1(2)	-$-	As working capital	$-	None	$-	$191,259	$286,888	Note2&3

Note 1. Meaning of marks on the cell of Type of the Fund

(1) Has business relationship; (2) Has short time financing need

Note 2. According to the Company's "Operational Procedures for the Making of endorsement/guarantee to Others", the ceiling of the total fund that lend to others and the reason is stated respectively as below:

1. Should the fund is loaning to a company or a business that has business relationship with the Company, the total amount of the loan must not exceed 20% of the company's net worth.

   The ceiling amount of a loan with an individual party must not exceed the total transaction amount with that individual party in the most recent one year.

2. Should the fund is loaning to a company or a business that has short term financing needs, the total loaning amount must not exceed 10% of the company's net worth.

   The ceiling amount of a loan with an individual party must not exceed 50% of the Company's net worth as stated on the company's financial statement in the most recent year.

3. Should the loan transaction is carried out among subsidiaries that are both having the same mother company and has the need of short term financing need, the total loan amount must not exceed 30% of the net worth as stated in the borrowing subsidiary's financial statement.

   The loaning amount for individual party must not exceed 20% of the loaning subsidiary's net worth.

Note 3: In the board meeting held on July 7, 2023, the Board of Formflex Metal Industrial (Changshu) Co., Ltd. resolved to convert the creditor right of RMB 16 million (approximately $68,144) to the investment in Arctek Security Technology (Shanghai) Co., Ltd. The related process and procedures have been completed on September 5 of the same year.

VI. Endorsement and guarantees provided for affiliated companies: None.

VII. Directors, supervisors, presidents of the affiliated companies

Data drawn on Dec. 31, 2023

Name of Business	Title	Name or Representative	Holding Shares	
			Shares	Holding %
FU HSING AMERICAS, INC.	Chairman (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Chu, Jung-He	300,000	100
	Director (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Lin, Jui-Chang		
Master United Investment Group Ltd.	Chairman (representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Chen, Chien-Kun	930,000	100
Ziyong Hardware Products (Taichang) Co., Ltd.	Chairman (Representative of Master United Investment Group Ltd.)	Chen, Chien-Kun	Limited company, not applicable	100
	Director (Representative of Master United Investment Group Ltd.)	Lin, Wen-Hsing		
	Director (Representative of Master United Investment Group Ltd.)	Lin, Teng-Tsai		
	Director (Representative of Master United Investment Group Ltd.)	Shih, Chin-Hung		
	Director (Representative of Master United Investment Group Ltd.)	Chu, Jung-He		
	Supervisor (Representative of Master United Investment Group Ltd.)	Wang, Yu-Wen		
Formflex Enterprise Co., Ltd.	Chairman (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Chen, Chien-Kun	23,704,000	100
Fortress Industrial Co., Ltd.	Chairman (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Lin, Jui-Chang	39,930,000	100
	Vice Chairman (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Chu, Jung-He	39,930,000	100
	Director (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Chen, Chien-Kun	39,930,000	100
	Director (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Liu, Ju-Shan	39,930,000	100
	Director (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Lin, Tzu-Hsuan	39,930,000	100
	Supervisor (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Huang, Fu-Ti	39,930,000	100
	Supervisor (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Li, Kuo-Wei	39,930,000	100
Arctek Securities Technologies (Shanghai) Co., Ltd.	Chairman (Representative of Formflex Metal Industrial (Changshu) Co., Ltd.).	Lin, Tzu-Hsuan	Limited company, not applicable	100
	Director (Representative of Formflex Metal Industrial (Changshu) Co., Ltd.).	Lin, Jui-Chang		
	Director (Representative of Formflex Metal Industrial (Changshu) Co., Ltd.).	Chen, Chien-Kun		
	Director (Representative of Formflex Metal Industrial (Changshu) Co., Ltd.).	Lin, Teng-Tsai		
	Supervisor (Representative of Formflex Metal Industrial (Changshu) Co., Ltd.).	Wang, Yu-Wen		
Formflex Metal	Chairman (Representative of Formflex Enterprise Co.,	Chen, Chien-Kun	Limited company,	100

Industrial (Changshu) Co., Ltd.	Ltd.)		not applicable	
	Director(Representative of Formflex Enterprise Co., Ltd.)	Chen, Yung-Chih		
	Director(Representative of Formflex Enterprise Co., Ltd.)	Lin, Teng-Tsai		
	Director(Representative of Formflex Enterprise Co., Ltd.)	Chu, Jung-He		
	Director(Representative of Formflex Enterprise Co., Ltd.)	Lin, Wen-Hsing		
	Supervisor (Representative of Formflex Enterprise Co., Ltd.)	Li, Kuo-Wei		
Fortune Industrial Ltd.	Chairman	Tsai, Ching-Chin	19600	49
	Director(Representative of Formflex Enterprise Co., Ltd.)	Lin, Teng-Tsai		
	Director(Representative of Formflex Enterprise Co., Ltd.)	Chen, Yung-Chih	204,000	51
ARCTEK Industrial Co., Ltd.	Chairman	Lin, Jui-Chang	0	0
	Director	Chen, Chien-Kun	0	0
	Director	Chu, Jung-He	0	0
	Director	Lin, Hung-Yueh	0	0
	Director	Tsao, Yung-Chuan	0	0
	Supervisor	Lin, Tzu-Hsuan	0	0
	Supervisor	Li, Kuo-Wei	0	0
Rui Sheng Industrial Co, Ltd.	Chairman	Chen, Chien-Kun	0	0
	Director	Chu, Jung-He	0	0
	Director	Tsao, Yung-Chuan	0	0
	Director	Tai, Hsu-Sung	216,000	20
	Director	Tai, Li-Kai	108,000	10
	Supervisor (Representative of ARCTEK Industrial Co., Ltd.)	Li, Kuo-Wei	756,000	70
	Supervisor (Representative of ARCTEK Industrial Co., Ltd.)	Tai, Tzu-Chin	756,000	70
Techform Industrial Co., Ltd.	Chairman(Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Lin, Jui-Chang	80,000,000	100
	Director(Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Chen, -Chien-Kun	80,000,000	100
	Director(Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Lin, Teng-Tsai	80,000,000	100
	Supervisor (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Lin, Tzu-Hsuan	80,000,000	100
	Supervisor (Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Li, Kuo-Wei	80,000,000	100
Sunion Technology Co., Ltd.	Chairman(Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Chu, Jung-He	5,500,000	100
	Director(Representative of Taiwan Fu Hsing Industrial Co., Ltd.)	Lin, Jui-Chang	5,500,000	100
	Director(Representative of Taiwan Fu Hsing Industrial Co. Ltd.)	Lin, Tzu-Hsuan	5,500,000	100
	Director(Representative of Taiwan Fu Hsing Industrial Co. Ltd.)	Lin, Shih-Huang	5,500,000	100
	Director(Representative of Taiwan Fu Hsing Industrial Co. Ltd.)	Chen, Yu-Lung	5,500,000	100
	Supervisor (Representative of Taiwan Fu Hsing Industrial Co. Ltd.)	Li, Kuo-Wei	5,500,000	100
	Supervisor (Representative of Taiwan Fu Hsing Industrial Co. Ltd.)	Lin, Tzu-Yang	5,500,000	100
Fu Sing Industrial (Thailand) Co., Ltd.	Chairman	Lin, Tzu-Hsuan	Limited company, not applicable	99.99

VIII. Financial situation and operation results of the Company's affiliated companies

Data drawn on Dec. 31st, 2023

Unit: NT$1,000

Name of Business	Capital	Total Asset	Total Liability	Net Worth	Revenues	Operation Profits	Net Income (After Tax)	EPS (loss) (in NT$1) (after tax)
FU HSING AMERICAS, INC.	9,637	182,105	2,011	180,094	87,197	13,978	10,391	34.64
Master United Investment Group Ltd.	320,874	383,440	477	382,963	-	(484)	(57,499)	(61.83)
Ziyong Hardware Products (Taichang) Co., Ltd. (Note 1)	297,447	530,203	148,554	381,649	609,107	(79,126)	(58,590)	Limited company, not applicable.
Arctek (Shanghai) Safety Protection Technology Co., Ltd. (Note 1)	74,763	21,036	5,482	15,554	28,166	2,945	2,675	Limited company, not applicable
Formflex Enterprise Co, Ltd.	741,744	1,005,509	-	1,005,509	-	(657)	222,269	9.38
Formflex Metal Industrial (Changshu) Co., Ltd. (Note 2)	735,090	1,382,240	426,456	955,784	1,857,145	268,171	222,812	Limited company, not applicable
Fortune Industrial Ltd. (Note 2)	13,133	19,271	-	19,271	-	-	(3,125)	(15.32)
Changshu Fortune Packing	-	-	-	-	-	(316)	(134)	Limited company,

Material Co., Ltd. (Note 3)								not applicable
ARCTEK Industrial Co., Ltd.	83,400	209,625	83,421	126,204	334,029	1,689	7,453	893.65
Rui Sheng Industrial Co., Ltd.	10,800	54,264	11,363	42,901	44,645	4,440	5,444	5.04
Fortress Industrial Co., Ltd.	399,300	1,163,124	371,240	791,884	1,482,645	121,498	110,176	2.76
Fortress Door Control Product (Changshu) Co., Ltd. (Note 4)	-	-	-	-	-	1,428	2,384	Limited company, not applicable
Techform Industrial Co., Ltd.	800,000	1,278,050	459,408	818,642	784,259	38,748	28,496	0.36
Sunion Technology Co., Ltd.	55,000	102,278	31,927	70,351	173,948	14,580	11,980	2.18
Fu Sing Industrial (Thailand) Co., Ltd.	320,190	324,193	457	323,736	-	(291)	(265)	Limited company, not applicable

Note 1: In the board meeting on 7/7/2023, the board of Ziyong Hardware Products (Taichang) Co., Ltd. resolved to transfer 100% equities in Arctek Security Technology (Shanghai) Co., Ltd. to Formflex Metal Industrial (Changshu) Co., Ltd., and the related share transfer process has been completed in August 2023.
Note 2: In the Shareholders' Meeting on 01/25/2024, it was resolved to cease the operation of Fortune Industrial Ltd. and complete the de-registration process.
Note 3: The liquidation process of ChangShu Fortune Packing Material Co., Ltd. has been completed in November 2023.
Note 4: The liquidation process of Fortress Door Control Product (Changshu) Co., Ltd. has been completed in November 2023.

(2)Private placement of securities: None.
(3)The holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year and during the current fiscal year up to the date of printing of the annual report: None.
(4)Other matters that require additional explanation: None.

IX Situations Listed in Article 36, Paragraph 3, Sub-paragraph 2 of the Securities and Exchange Act that Might Materially Affect Shareholder's Equity or The Company's Stock Price: None

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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.

TAIWAN FU HSING INDUSTRIAL CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. Additionally, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Taiwan Fu Hsing Industrial Co., Ltd.

Representative: LIN, DUAN-ZHANG

March 6, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000430

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

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated 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 consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

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 consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of

China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated 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 Group's 2023 consolidated financial statements are stated as follows:

Cut-off of export sales revenue recognition

Description

Please refer to Note 4(28) for accounting policies on revenue recognition.

The Group 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(13) 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 Group 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 subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT$95,555 thousand and NT$69,483 thousand, constituting 0.99% and 0.75% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the operating revenue amounted to NT$12,287 thousand and NT$16,736 thousand, constituting 0.14% and 0.18% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter section on the parent company only financial statements of Taiwan Fu Hsing Industrial Co., Ltd. as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements 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 6, 2024

The accompanying consolidated 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 consolidated 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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,186,559	23	$ 2,439,034	27
1110	Financial assets at fair value through profit or loss - current	6(2)	840,445	9	136,718	1
1136	Current financial assets at amortised cost, net	6(3) and 8	43,566	-	50,582	1
1150	Notes receivable, net	6(4)	37,842	-	36,927	-
1170	Accounts receivable, net	6(4)	1,696,388	18	1,422,112	15
130X	Inventories	6(5)	881,968	9	1,234,644	13
1476	Other current financial assets		12,106	-	12,868	-
1479	Other current assets, others	6(6)	86,432	1	139,381	2
11XX	**Current Assets**		5,785,306	60	5,472,266	59
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(7)	465,172	5	498,594	6
1600	Property, plant and equipment	6(8) and 8	2,892,863	30	3,017,461	33
1755	Right-of-use assets	6(9)	74,587	1	77,335	1
1780	Intangible assets	6(10)	6,959	-	25,136	-
1840	Deferred income tax assets	6(23)	95,371	1	86,410	1
1980	Other non-current financial assets	8	40,309	-	12,632	-
1990	Other non-current assets, others	6(11)	278,221	3	18,387	-
15XX	**Non-current assets**		3,853,482	40	3,735,955	41
1XXX	**Total assets**		$ 9,638,788	100	$ 9,208,221	100

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2150	Notes payable		$ 3,965	-	$ 7,082	-
2170	Accounts payable	7	1,091,659	11	965,321	10
2200	Other payables	6(12)	666,646	7	730,463	8
2230	Current income tax liabilities		190,756	2	140,713	1
2399	Other current liabilities, others	6(13) and 8	51,447	1	48,859	1
21XX	**Current Liabilities**		2,004,473	21	1,892,438	20
	Non-current liabilities					
2540	Long-term borrowings	6(13) and 8	338,751	3	359,389	4
2570	Deferred income tax liabilities	6(23)	158,675	2	162,900	2
2580	Non-current lease liabilities		39,278	-	42,159	-
2640	Accrued pension liabilities	6(14)	56,752	1	45,535	1
2645	Guarantee deposits received		817	-	-	-
25XX	**Non-current liabilities**		594,273	6	609,983	7
2XXX	**Total Liabilities**		2,598,746	27	2,502,421	27
	Equity attributable to owners of parent					
	Share capital					
3110	Share capital - common stock	6(15)	1,884,521	19	1,884,521	20
	Capital surplus					
3200	Capital surplus	6(16)	567,114	6	567,114	6
	Retained earnings	6(17)				
3310	Legal reserve		1,361,922	14	1,268,103	14
3320	Special reserve		87,897	1	193,516	2
3350	Unappropriated retained earnings		3,217,413	33	2,819,680	31
	Other equity interest	6(18)				
3400	Other equity interest		(137,755)	(1)	(87,897)	(1)
31XX	**Equity attributable to owners of the parent**		6,981,112	72	6,645,037	72
36XX	Non-controlling interest		58,930	1	60,763	1
3XXX	**Total equity**		7,040,042	73	6,705,800	73
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 9,638,788	100	$ 9,208,221	100

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(19)	$ 9,073,439	100	$ 9,530,920	100
5000	Operating costs	6(5)(10)(14)(21)(22) and 7	(7,008,567)	(77)	(7,682,843)	(80)
5900	Net operating margin		2,064,872	23	1,848,077	20
	Operating expenses	6(10)(14)(21)(22) and 7				
6100	Selling expenses		(282,236)	(3)	(286,389)	(3)
6200	General and administrative expenses		(440,129)	(5)	(462,859)	(5)
6300	Research and development expenses		(194,293)	(2)	(195,582)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(1,402)	-	1,045	-
6000	Total operating expenses		(918,060)	(10)	(943,785)	(10)
6900	Operating profit		1,146,812	13	904,292	10
	Non-operating income and expenses					
7100	Interest income		59,397	-	29,071	-
7010	Other income		58,922	1	35,838	-
7020	Other gains and losses	6(20)	19,556	-	242,137	3
7050	Finance costs	6(9)(13)	(7,976)	-	(6,125)	-
7000	Total non-operating income and expenses		129,899	1	300,921	3
7900	**Profit before income tax**		1,276,711	14	1,205,213	13
7950	Income tax expense	6(23)	(327,088)	(3)	(290,659)	(3)
8200	**Profit for the year**		$ 949,623	11	$ 914,554	10

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
	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(14)	($ 18,537)	-	$ 35,512	-
8316	Unrealised gain or loss on financial assets at for value through other comprehensive income	6(7)(18)	(33,422)	(1)	59,937	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)	3,707	-	(7,102)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(48,252)	(1)	88,347	1
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(18)	(15,569)	-	45,914	-
8300	**Total other comprehensive (loss) income for the year**		($ 63,821)	(1)	$ 134,261	1
8500	**Total comprehensive income for the year**		$ 885,802	10	$ 1,048,815	11
	Profit, attributable to:					
8610	Owners of the parent		$ 947,274	11	$ 909,759	10
8620	Non-controlling interest		2,349	-	4,795	-
			$ 949,623	11	$ 914,554	10
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 882,586	10	$ 1,043,812	11
8720	Non-controlling interest		3,216	-	5,003	-
			$ 885,802	10	$ 1,048,815	11
	Earnings per share (in dollars)	6(24)				
9750	Total basic earnings per share		$	5.03	$	4.83
9850	Total diluted earnings per share		$	4.93	$	4.70

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				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	Non-controlling interest	Total equity
Year ended December 31, 2022											
Balance at January 2022		$1,884,521	$ 567,114	$1,199,351	$ 207,950	$2,388,090	($ 228,320)	$ 34,804	$6,053,510	$ 59,410	$6,112,920
Net income for 2022		-	-	-	-	909,759	-	-	909,759	4,795	914,554
Other comprehensive income for 2022	6(7)(18)	-	-	-	-	28,410	45,706	59,937	134,053	208	134,261
Total comprehensive income		-	-	-	-	938,169	45,706	59,937	1,043,812	5,003	1,048,815
Distribution of 2021 earnings:											
Legal reserve		-	-	68,752	-	(68,752)	-	-	-	-	-
Special reserve		-	-	-	(14,434)	14,434	-	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(452,285)	-	-	(452,285)	-	(452,285)
Change in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	(3,650)	(3,650)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(7)(18)	-	-	-	-	24	-	(24)	-	-	-
Balance at December 31, 2022		$1,884,521	$ 567,114	$1,268,103	$ 193,516	$2,819,680	($ 182,614)	$ 94,717	$6,645,037	$ 60,763	$6,705,800
Year ended December 31, 2023											
Balance at January 2023		$1,884,521	$ 567,114	$1,268,103	$ 193,516	$2,819,680	($ 182,614)	$ 94,717	$6,645,037	$ 60,763	$6,705,800
Net income for 2023		-	-	-	-	947,274	-	-	947,274	2,349	949,623
Other comprehensive income (loss) for 2023	6(7)(18)	-	-	-	-	(14,830)	(16,436)	(33,422)	(64,688)	867	(63,821)
Total comprehensive income (loss)		-	-	-	-	932,444	(16,436)	(33,422)	882,586	3,216	885,802
Distribution of 2022 earnings:											
Legal reserve		-	-	93,819	-	(93,819)	-	-	-	-	-
Special reserve		-	-	-	(105,619)	105,619	-	-	-	-	-
Cash dividends	6(17)	-	-	-	-	(546,511)	-	-	(546,511)	-	(546,511)
Change in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	(5,049)	(5,049)
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	$ 58,930	$7,040,042

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,276,711	$ 1,205,213
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain)	12(2)	1,402	(1,045)
Net gain on financial assets or liabilities at fair value through (profit) loss	6(20)	(16,942)	5,265
Depreciation expense	6(8)(9)(21)	205,265	191,819
Amortization expense	6(10)(21)	15,904	25,597
Interest income		(59,397)	(29,071)
Dividend income		(33,952)	(25,900)
Interest expense		7,976	6,125
Gain on disposal of investments	6(20)	(6,359)	(901)
(Gain) loss on disposal of property, plant and equipment	6(20)	(108)	7,251
Impairment loss on non-financial assets	6(10)(20)	23,670	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		(680,426)	(98,706)
Notes receivable		(915)	9,755
Accounts receivable		(277,802)	365,063
Inventories		347,497	326,901
Other financial assets - current		609	1,896
Other current assets - others		41,829	(3,843)
Changes in operating liabilities			
Notes payable		(3,117)	(3,208)
Accounts payable		135,946	(418,694)
Other payables		30,170	69,233
Other current liabilities - others		941	(13,232)
Net defined benefit liability, non-current		29,754	(94,651)
Cash inflow generated from operations		1,038,656	1,524,867
Interest received		59,109	27,814
Dividends received		33,952	25,900
Interest paid		(7,976)	(6,125)
Income tax paid		(280,971)	(198,543)
Net cash flows from operating activities		842,770	1,373,913

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 88,368)	($ 162,456)
Proceeds from disposal of financial assets at amortised cost		95,384	187,368
Acquisition of financial assets at fair value through other comprehensive income		-	(55,789)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	84
Acquisition of property, plant and equipment	6(25)	(161,046)	(519,685)
Increase in prepaid equipment		(280,840)	(31,513)
Proceeds from disposal of property, plant and equipment		663	13,216
Acquisition of intangible assets	6(10)	(7,210)	(275)
(Increase) decrease in other financial assets - non current		(27,677)	2,818
Increase in other non-current assets -others		(1,132)	(1,631)
Net cash flows used in investing activities		(470,226)	(567,863)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of long-term borrowings	6(26)	(19,030)	(21,071)
Payments of lease liabilities	6(26)	(2,810)	-
Increase in guarantee deposits received	6(26)	817	-
Cash dividends paid	6(17)	(546,511)	(452,285)
Cash dividends distributed to non-controlling interest		(5,049)	(3,650)
Net cash flows used in financing activities		(572,583)	(477,006)
Effect of exchange rate changes on cash and cash equivalents		(52,436)	90,671
Net (decrease) increase in cash and cash equivalents		(252,475)	419,715
Cash and cash equivalents at beginning of year	6(1)	2,439,034	2,019,319
Cash and cash equivalents at end of year	6(1)	$ 2,186,559	$ 2,439,034

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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.

The main activities of the Company and its subsidiaries (collectively referred herein as the 'Group') are provided in Note 4(3).

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 6, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC and became effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

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

New standards, interpretations and amendments endorsed by the FSC and will become 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 Group's financial condition and financial performance based on the Group'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 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
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 'IFRSs').

(2) Basis of preparation

A. Except for the following items, the consolidated 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or

losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
The Company	Fortress Industrial Co., Ltd.	Sales and manufacture of door locks, transom closers and floor springs	100	100	
	Master United Investment Group Ltd.	Investment holdings	100	100	Note 1
	Formflex Enterprise Co., Ltd.	Investment holdings	100	100	
	Fu Hsing Americas Inc.	Sales of door locks and related accessories	100	100	
	Arctek Industrial Co., Ltd.	Sales and manufacture of transom closers and floor springs	70	70	
	Techform Industrial Co., Ltd.	Processing of hardware products	100	100	
	Sunion Technology Co., Ltd.	Sales and manufacture of electronic lock parts	100	100	
	FU Sing Industrial (Thailand) Co., Ltd.	Sales and manufacture of door locks and related	99.99	-	Note 2
Fortress Industrial Co., Ltd.	Fortress Door Control Product (Changshu) Co., Ltd.	Manufacturing of products related to door closers	-	100	Note 3
Arctek Industrial Co., Ltd.	Rui Sheng Industrial Co., Ltd.	Sales and manufacture of transom closers and floor springs	70	70	
Master United Investment Group Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	Sales and manufacture of door locks and related accessories	100	100	Note 4
Ziyong Hardware Products (Taicang) Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	Sales and manufacture of transom closers and floor springs	-	100	Note 5
Formflex Enterprise Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	Sales and manufacture of high quality hardware parts	100	100	
	Fortune Industrial Ltd.	Investment holdings	51	51	Note 6
Formflex Metal Industrial (Changshu) Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	Sales and manufacture of transom closers and floor springs	100	-	Note 5
Fortune Industrial Ltd.	Changshu Fortune Packing Material Co., Ltd.	Sales and manufacture of packing materials and plastic products	-	100	Note 7

Note 1: 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.

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 2023, the Company invested cash capital amounting to $320,190

with a shareholding ratio of approximately 99.99%. The subsidiary is still under the plant construction and operation preparation.

Note 3: 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, and remitted back the residual property amounting to USD 1,922 thousand.

Note 4: On June 12, 2023, the shareholder of Ziyong Hardware Products (Taicang) Co., Ltd. decided to reduce its registered capital amounting to USD 6.3 million. The registration for the change was completed on July 31, 2023.

Note 5: On July 7, 2023, the Board of Directors of Ziyong Hardware Products (Taicang) Co., Ltd. resolved to transfer its 100% equity interests in Arctek Security Technologies (Shanghai) Co., Ltd. to Formflex Metal Industrial (Changshu) Co., Ltd. The related registration for the change was completed on August 10, 2023.

Note 6: 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 7: 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.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation 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.

(5) 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) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) 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.

(7) 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 Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) 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 Group 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 Group'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 Group measures the financial assets at fair value plus transaction costs. The Group 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 Group 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.

(9) 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 Group'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 Group 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 Group'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.

(10) Accounts receivable and notes receivable

A. Accounts and notes receivable entitle the Group 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.

(11) 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 Group 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 Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

The Group 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 Group 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 Group has not retained control of the financial asset.

(13) 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 costs of completion and the estimated costs necessary to make the sale.

(14) Investments accounted for under the equity method / associates

A. Associates are all entities over which the Group 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 using the equity method and are initially recognised at cost.

B. The Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligation or made payments on behalf of the associate.

C. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

(15) 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 Group 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	2 ～ 10 years
Molds	2 ～ 10 years
Other equipment	2 ～ 10 years

(16) 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 Group. 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 Group 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 following:

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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.

(17) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method.

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

C. Patent are initially recorded at cost and are amortised on a straight-line basis over its estimated useful life.

(18) Impairment of non-financial assets

A. The Group 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 recognizing 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.

(19) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) 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.

(21) Derecognition of financial liabilities

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

(22) 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.

(23) 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.

(24) Provisions

Provisions are recognised when the Group 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.

(25) 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 Group 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 Group'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 Group 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' bonus 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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) 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 in the countries where the Company and its subsidiaries operate and generate taxable income. 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. 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 Group 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.

(27) 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.

(28) Revenue recognition

Sales of goods

A. The Group 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 Group 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 Group'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.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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 Group'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 Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group 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, 2023, the carrying amount of inventories was $881,968.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand and petty cash	$ 953	$ 879
Checking and demand deposits	1,205,447	1,265,651
	1,206,400	1,266,530
Cash equivalents:		
Time deposits	980,159	1,172,504
	$ 2,186,559	$ 2,439,034

A. The Group 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. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

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

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

Item	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value		
Listed (TSE and OTC) stcocks	$ 24,851	$ 33,542
Beneficiary certificates	806,275	110,275
	831,126	143,817
Valuation adjustment	9,319	(7,099)
	$ 840,445	$ 136,718

A. The information on financial assets at fair value through profit or loss recognised in net gains and losses is provided in Note 6(20).

B. The Group 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, 2023	December 31, 2022
Current items:		
Restricted bank deposits	$ 5,835	$ 5,835
Time deposits with original maturity date	37,731	44,747
	$ 43,566	$ 50,582

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

B. As at December 31, 2023 and 2022, 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 Group were $ 43,566 and $50,582, 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). The counterparties of the Group's investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 37,842	$ 36,927
Less: Allowance for bad debts	-	-
	37,842	36,927
Accounts receivable	1,698,466	1,422,789
Less: Allowance for bad debts	(2,078)	(677)
	1,696,388	1,422,112
	$ 1,734,230	$ 1,459,039

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

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 37,842	$ 1,600,564	$ 36,927	$ 1,298,413
Past due:				
Up to 30 days	-	90,996	-	120,769
31 to 60 days	-	6,692	-	2,794
61 to 90 days	-	6	-	17
91 to 180 days	-	35	-	756
181 to 360 days	-	91	-	40
Over 360 days	-	82	-	-
	$ 37,842	$ 1,698,466	$ 36,927	$ 1,422,789

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $1,824,238.

C. As at December 31, 2023 and 2022, 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 Group's notes and accounts receivable were $1,734,230 and $1,459,039, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	December 31, 2023		
	Cost	Allowance	Book value
Raw materials	$ 144,463	($ 9,463)	$ 135,000
Work in process	431,445	(62,034)	369,411
Finished goods	410,002	(32,445)	377,557
	$ 985,910	($ 103,942)	$ 881,968

	December 31, 2022		
	Cost	Allowance	Book value
Raw materials	$ 160,259	($ 9,481)	$ 150,778
Work in process	486,673	(75,153)	411,520
Finished goods	709,340	(36,994)	672,346
	$ 1,356,272	($ 121,628)	$ 1,234,644

The cost of inventories recognised as expense for the years ended December 31, 2023 and 2022 were $7,008,567 and $7,682,843, respectively, including the amount of $ 17,686 and $787, respectively, that the Group reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the related inventories were scrapped or sold in 2023 and 2022.

(6) Other assets-current

	December 31, 2023	December 31, 2022
Prepayments	$ 49,313	$ 83,543
Business tax refund receivable	34,896	40,059
Other current assets	2,223	15,779
	$ 86,432	$ 139,381

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

Item	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed (TSE and OTC) stocks	$ 323,275	$ 323,275
Unlisted stocks	80,602	80,602
	403,877	403,877
Valuation adjustment	61,295	94,717
	$ 465,172	$ 498,594

A. The Group 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 $465,172 and $498,594 as at December 31, 2023 and 2022, 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:

	For the years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 33,422)	$ 59,937
Cumulative losses reclassified to retained earnings due to derecognition	$ -	($ 24)
Dividend income recognised in profit or loss held at end of year	$ 30,678	$ 22,563

C. As at December 31, 2023 and 2022, 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 Group were $465,172 and $498,594, respectively.

D. The Group 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).

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
At January 1, 2023							
Cost	$ 973,718	$ 1,815,170	$ 1,170,118	$ 116,254	$ 267,360	$ 39,847	$ 4,382,467
Accumulated depreciation and impairment	-	(519,818)	(597,178)	(66,480)	(181,530)	-	(1,365,006)
	$ 973,718	$ 1,295,352	$ 572,940	$ 49,774	$ 85,830	$ 39,847	$ 3,017,461
2023							
Opening net book amount as at January 1	$ 973,718	$ 1,295,352	$ 572,940	$ 49,774	$ 85,830	$ 39,847	$ 3,017,461
Additions	-	6,056	9,651	20,474	18,277	13,915	68,373
Transfers from prepayments for business facilities	-	26,649	24,922	6,919	50	(44,099)	14,441
Depreciation charge	-	(49,732)	(96,681)	(30,724)	(26,049)	-	(203,186)
Disposals - cost	-	(4,494)	(51,944)	(27,108)	(23,500)	-	(107,046)
Disposals - accumulated depreciation	-	4,494	51,785	27,108	23,104	-	106,491
Net exchange differences	-	(1,535)	(1,353)	(47)	(727)	(9)	(3,671)
Closing net book amount as at December 31, 2023	$ 973,718	$ 1,276,790	$ 509,320	$ 46,396	$ 76,985	$ 9,654	$ 2,892,863
At December 31, 2023							
Cost	$ 973,718	$ 1,836,971	$ 1,147,376	$ 116,115	$ 255,469	$ 9,654	$ 4,339,303
Accumulated depreciation and impairment	-	(560,181)	(638,056)	(69,719)	(178,484)	-	(1,446,440)
	$ 973,718	$ 1,276,790	$ 509,320	$ 46,396	$ 76,985	$ 9,654	$ 2,892,863

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
At January 1, 2022							
Cost	$ 972,203	$ 1,303,279	$ 1,317,601	$ 107,255	$ 260,697	$ 14,646	$ 3,975,681
Accumulated depreciation and impairment	-	(482,642)	(728,155)	(56,788)	(168,349)	-	(1,435,934)
	$ 972,203	$ 820,637	$ 589,446	$ 50,467	$ 92,348	$ 14,646	$ 2,539,747
2022							
Opening net book amount as at January 1	$ 972,203	$ 820,637	$ 589,446	$ 50,467	$ 92,348	$ 14,646	$ 2,539,747
Additions	-	509,877	41,558	19,889	23,087	18,178	612,589
Transfers from prepayments for business facilities	-	-	46,493	8,607	1,799	6,858	63,757
Depreciation charge	-	(39,720)	(95,823)	(29,033)	(26,279)	-	(190,855)
Disposals - cost	-	(9,654)	(245,665)	(21,541)	(21,658)	-	(298,518)
Disposals - accumulated depreciation	-	7,294	235,192	19,660	15,905	-	278,051
Net exchange differences	1,515	6,918	1,739	1,725	628	165	12,690
Closing net book amount as at December 31, 2022	$ 973,718	$ 1,295,352	$ 572,940	$ 49,774	$ 85,830	$ 39,847	$ 3,017,461
At December 31, 2022							
Cost	$ 973,718	$ 1,815,170	$ 1,170,118	$ 116,254	$ 267,360	$ 39,847	$ 4,382,467
Accumulated depreciation and impairment	-	(519,818)	(597,178)	(66,480)	(181,530)	-	(1,365,006)
	$ 973,718	$ 1,295,352	$ 572,940	$ 49,774	$ 85,830	$ 39,847	$ 3,017,461

A. No borrowing costs was capitalized for the years ended December 31, 2023 and 2022.

B. The significant components of buildings include main plants and renovations, which are depreciated 40～55 and 10～25 years, respectively.

C. Information on property, plant and equipment pledged to others as collaterals, please refer to Note 8.

D. As the subsidiaries in Asia assessed that there is a decrease in the Group's expected future inflow of certain machinery and equipment, the recoverable amount of the above assets was less than its carrying amount. Accordingly, impairment loss of $92,728 were recognized for the years ended December 31, 2023 and 2022.

(9) Lease transactions－lessee

A. In December 2022, the Group leased the national land of Pingtung Technology Industrial Park from Pingtung Export Processing Zone Administration, Ministry of Economic Affairs, and rental contracts are made for periods of 10 years. In addition, the Group's subsidiary paid consideration for certain 50-year land use rights that were obtained from a local government in the People's Republic of China. 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:

	December 31, 2023	December 31, 2022
Land	$ 74,587	$ 77,335

	2023	2022
Land-Depreciation charge	$ 2,079	$ 964

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

	For the years ended December 31,	
	2023	2022
Interest expense on lease liabilities	$ 750	$ -
Expense on short-term lease contracts	22,245	26,434
Expense on leases of low-value assets	307	372
	$ 23,302	$ 26,806

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $0 and $44,852, respectively. In addition, the Group's significant cash outflow for lease were $26,112 and $26,806 for the years ended December 31, 2023 and 2022, respectively.

(10) Intangible assets

	Goodwill	Software	Patent	Total
At January 1, 2023				
Cost	$ 68,903	$ 18,440	$ 1,615	$ 88,958
Accumulated amortization and impairment	(45,233)	(17,320)	(1,269)	(63,822)
	$ 23,670	$ 1,120	$ 346	$ 25,136
2023				
At January 1	$ 23,670	$ 1,120	$ 346	$ 25,136
Additions	-	7,210	-	7,210
Amortization charge	-	(1,389)	(323)	(1,712)
Impairment loss	(23,670)	-	-	(23,670)
Net exchange differences	-	(5)	-	(5)
December 31	$ -	$ 6,936	$ 23	$ 6,959
At December 31, 2023				
Cost	$ 68,903	$ 25,563	$ 1,615	$ 96,081
Accumulated amortization and impairment	(68,903)	(18,627)	(1,592)	(89,122)
	$ -	$ 6,936	$ 23	$ 6,959

	Goodwill	Software	Patent	Total
At January 1, 2022				
Cost	$ 68,903	$ 18,477	$ 1,615	$ 88,995
Accumulated amortization and impairment	(45,233)	(16,347)	(946)	(62,526)
	$ 23,670	$ 2,130	$ 669	$ 26,469
2022				
At January 1	$ 23,670	$ 2,130	$ 669	$ 26,469
Additions	-	275	-	275
Amortization charge	-	(1,291)	(323)	(1,614)
Net exchange differences	-	6	-	6
December 31	$ 23,670	$ 1,120	$ 346	$ 25,136
At December 31, 2022				
Cost	$ 68,903	$ 18,440	$ 1,615	$ 88,958
Accumulated amortization and impairment	(45,233)	(17,320)	(1,269)	(63,822)
	$ 23,670	$ 1,120	$ 346	$ 25,136

A. Details of amortization on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	$ 323	$ 431
Administrative expenses	629	743
Research and development expenses	760	440
	$ 1,712	$ 1,614

B. No borrowing costs was capitalized for the years ended December 31, 2023 and 2022.

C. Goodwill is allocated to the Group's cash-generating units identified according to operating segment. The recoverable amount of all cash-generating units has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets estimated by the management covering a five-year period, including the considered gross profit rate, growth rate and discount rate.

The management determines expected gross profit margin based on prior performances and expectations to market development. Weighted-average growth rate adopted is in agreement with expectations stated in the industry report. The discount rate adopted of 12.56% is pretax rate and reflects specific risks of related operating segments.

D. The Group compared the carrying amount with the recoverable amount of goodwill based on the assessment. For the year ended December 31, 2023, the Group recognised impairment loss amounting to $23,670, which was recognised in profit or loss. For the year ended December 31, 2022, there was no such transactions.

E. As of December 31, 2023 and 2022, the Group's balance of accumulated impairment were $68,903 and $45,233, respectively.

(11) Other non-current assets-other

	December 31, 2023	December 31, 2022
Prepayment for land purchases	$ 266,530	$ -
Prepayment for business facilities	4,458	8,856
Other non-current assets	7,233	9,531
	$ 278,221	$ 18,387

(12) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus	$ 372,520	$ 374,197
Refund liabilities	129,839	68,436
Labor and health insurance payable	20,832	19,156
Employee benefits	8,157	7,741
Directors' remuneration	21,260	20,060
Payable on construction and equipment	5,602	98,275
Others	108,436	142,598
	$ 666,646	$ 730,463

(13) Long-term borrowings／Long-term borrowings, current portion (recorded as 'other current liabilities')

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2023
Long-term bank borrowings			
Secured borrowings	From December 2018 to October 2038, the principal payments and the interests are both paid monthly.	Land, buildings and structures	$ 245,295
Unsecured borrowings	From October 2018 to October 2038, the principal payments and the interests are both paid monthly.		115,989
			361,284
	Less : Long-term borrowings, current portion (recorded as 'other current liabilities'-others)		(22,533)
			$ 338,751
	Interest rate range		1.94%～2.22%

Type of borrowings	Borrowing period and repayment term	Collateral	December 31, 2022
Long-term bank borrowings			
Secured borrowings	From December 2018 to October 2038, the principal payments and the interests are both paid monthly.	Land, buildings and structures	$ 258,216
Unsecured borrowings	From October 2018 to October 2038, the principal payments and the interests are both paid monthly.		122,098
			380,314
	Less : Long-term borrowings, current portion (recorded as 'other current liabilities'-others)		(20,925)
			$ 359,389
	Interest rate range		1.69%~1.815%

Interest expense recognised in loss or profit amounted to $7,104 and $5,890 for the years ended December 31, 2023 and 2022, respectively.

(14) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, 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 Law. 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries 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 and its domestic subsidiaries will make contributions to cover the deficit by next March.

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

	December 31, 2023	December 31, 2022
Present value of funded obligations	$ 376,403	$ 375,489
Fair value of plan assets	(319,651)	(329,954)
Net defined benefit liability	$ 56,752	$ 45,535

(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
Year ended December 31, 2023			
Balance at January 1	$ 375,489	($ 329,954)	$ 45,535
Current service cost	1,090	-	1,090
Interest expense (income)	4,547	(3,985)	562
	381,126	(333,939)	47,187
Remeasurements:			
Return on plan assets	-	(1,659)	(1,659)
Change in population assumptions	-	-	-
Change in financial assumptions	346	-	346
Experience adjustments	19,850	-	19,850
	20,196	(1,659)	18,537
Pension fund contribution	-	(8,911)	(8,911)
Paid pension	(24,919)	24,858	(61)
Balance at December 31	$ 376,403	($ 319,651)	$ 56,752

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	$ 407,244	($ 302,570)	$ 104,674
Current service cost	1,815	-	1,815
Interest expense (income)	2,851	(2,118)	733
	411,910	(304,688)	107,222
Remeasurements:			
Return on plan assets	-	(22,832)	(22,832)
Change in population assumptions	1,928	-	1,928
Change in financial assumptions	(12,328)	-	(12,328)
Experience adjustments	(2,280)	-	(2,280)
	(12,680)	(22,832)	(35,512)
Pension fund contribution	-	(26,175)	(26,175)
Paid pension	(23,741)	23,741	-
Balance at December 31	$ 375,489	($ 329,954)	$ 45,535

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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 authorized by the Regulator. The Company and its domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and its domestic subsidiaries are 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, 2023 and 2022 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,	
	2023	2022
Discount rate	1.20%	1.20%~1.30%
Future salary increases	3.00%	3.00%

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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Effect on present value of defined benefit obligation				
December 31, 2023	($ 5,267)	$ 5,431	$ 4,589	($ 4,479)
December 31, 2022	($ 5,745)	$ 5,931	$ 5,067	($ 4,940)

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 Group for the year ending December 31, 2024 amount to $4,288.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 6～10years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$	121,094
Within 2 years		29,102
Within 3 years		29,248
Within 4 years		24,123
Within 5 years		21,879
Within 6 to 10 years		82,510
	$	307,956

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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) Ziyong Hardware Products (Taicang) Co., Ltd., Arctek Security Technologies (Shanghai) Co., Ltd, Formflex Metal Industrial (Changshu) Co., Ltd.,Fortress Door Control Product (Changshu) Co., Ltd. and Changshu Fortune Packing Material Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2023 and 2022 were $58,638 and $66,643, respectively.

(15) Share capital

A. As of December 31, 2023 and 2022, the Company's authorized capital was $2,424,000, consisting of 242,400 thousand shares of common stock (of which 10 million shares are reserved for the issuance of stock warrants and 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 total shares issued amounted to 188,452 thousand shares.

B. The beginning and ending amount of the Company's outstanding common stocks were both 188,452 thousand shares.

(16) 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.

(17) 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 earnings 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, 2023 and 2022 were both $48,991.

D. 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 May 27, 2022, the shareholders resolved that total cash dividends for the distribution of earnings for the year of 2021 was $452,285 at NT$2.4 (in dollars) per share.

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.

(18) Other equity items

	2023		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1,	($ 182,614)	$ 94,717	($ 87,897)
Revaluation	-	(33,422)	(33,422)
Currency translation differences:			
－Exchange differences on translation of net assets in foreign operations	(16,436)	-	(16,436)
At December 31,	($ 199,050)	$ 61,295	($ 137,755)

	2022		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1,	($ 228,320)	$ 34,804	($ 193,516)
Revaluation	-	59,937	59,937
Revaluation transferred to retained earnings - gross	-	(24)	(24)
Currency translation differences:			
－Exchange differences on translation of net assets in foreign operations	45,706	-	45,706
At December 31,	($ 182,614)	$ 94,717	($ 87,897)

(19) Operating revenue

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

	2023		
External customer region	Asias egment	US segment	Total
US	$ 6,873,428	$ 20,015	$ 6,893,443
Asia	1,413,220	-	1,413,220
Europe	403,666	-	403,666
Other	363,110	-	363,110
	$ 9,053,424	$ 20,015	$ 9,073,439

	2022		
External customer region	Asias egment	US segment	Total
US	$ 6,926,492	$ 126,360	$ 7,052,852
Asia	1,549,667	-	1,549,667
Europe	481,445	-	481,445
Other	446,956	-	446,956
	$ 9,404,560	$ 126,360	$ 9,530,920

(20) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net currency exchange gain	$ 28,373	$ 268,964
Net gain on financial assets at fair value through profit or loss	16,942	(5,265)
Gain on disposal of investments	6,359	901
Impairment loss on non – sinancial assets	(23,670)	-
Loss on disposal of property, plant and equipment	108	(7,251)
Other losses	(8,556)	(15,212)
	$ 19,556	$ 242,137

(21) Expenses by nature

	For the years ended December 31,	
	2023	2022
Employee benefit expense	$ 1,672,208	$ 1,731,223
Depreciation charges on property, plant and equipment	203,186	190,855
Depreciation charges on right-of-use assets	2,079	964
Amortisation	15,904	25,597
	$ 1,893,377	$ 1,948,639

(22) Employee benefit expense

	For the years ended December 31,	
	2023	2022
Wages and salaries	$ 1,412,399	$ 1,457,030
Labor and health insurance fees	125,492	127,613
Pension costs	60,290	69,191
Other personnel expenses	74,027	77,389
	$ 1,672,208	$ 1,731,223

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' and supervisors' 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, 2023 and 2022, employees' compensation were accrued at $157,854 and $198,540, respectively; while directors' remuneration were accrued at $19,500. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2023, 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 $157,854 and $19,500, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 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.

(23) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 313,131	$ 248,059
Tax on unappropriated earnings	20,544	9,512
Prior year income tax over estimation	2,892	(6,734)
Total current tax	336,567	250,837
Deferred tax:		
Origination and reversal of temporary differences	(9,479)	39,822
Income tax expense	$ 327,088	$ 290,659

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

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	($ 3,707)	$ 7,102

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 353,462	$ 305,469
Effect of amount not allowed to be recognised under the regulations	(49,810)	(17,588)
Additional tax on undistributed earnings	20,544	9,512
Prior year income tax (over) estimation	2,892	(6,734)
Income tax expense	$ 327,088	$ 290,659

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Net defined benefit liability	$ 9,103	($ 1,460)	$ 3,707	$ 11,350
Loss on obsolete and slow-moving and market price decline of inventories	21,108	(3,965)	-	17,143
Accrued unused compensated absences	5,662	1,000	-	6,662
Accrued sales returns and discounts	13,688	12,281	-	25,969
Unrealised exchange loss	5,696	6,338	-	12,034
Impairment loss on non-financial assets	-	4,734	-	4,734
Others	16,126	(11,524)	-	4,602
Tax losses	15,027	(2,150)	-	12,877
	86,410	5,254	3,707	95,371
Deferred tax liabilities:				
Revaluation increments	(41,619)	-	-	(41,619)
Investment income	(121,054)	6,461	-	(114,593)
Others	(227)	(2,236)	-	(2,463)
	(162,900)	4,225	-	(158,675)
	($ 76,490)	$ 9,479	$ 3,707	($ 63,304)

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Net defined benefit liability	$ 20,935	($ 4,730)	($ 7,102)	$ 9,103
Loss on obsolete and slow-moving and market price decline of inventories	20,979	129	-	21,108
Accrued unused compensated absences	5,662	-	-	5,662
Accrued sales returns and discounts	12,595	1,093	-	13,688
Unrealised exchange loss	1,318	4,378	-	5,696
Impairment loss on non-financial assets	23,468	(23,468)	-	-
Others	10,589	5,537	-	16,126
Tax losses	10,835	4,192	-	15,027
	106,381	(12,869)	(7,102)	86,410
Deferred tax liabilities:				
Revaluation increments	(41,619)	-	-	(41,619)
Investment income	(92,938)	(28,116)	-	(121,054)
Others	(1,390)	1,163	-	(227)
	(135,947)	(26,953)	-	(162,900)
	($ 29,566)	($ 39,822)	($ 7,102)	($ 76,490)

D. Expiration dates of unused net operating loss carryforward and amounts of unrecognised deferred tax assets are as follows:

	December 31, 2023			
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
Subsidiary-Arctek Security Technologies (Shanghai) Co., Ltd.				
2009~2022	$ 15,968	$ 15,968	$ 15,968	2024~2028
Subsidiary-Ziyong Hardware Products (Taicang) Co., Ltd.				
2021~2023	121,647	121,647	70,139	2026~2028
Total	$ 137,615	$ 137,615	$ 86,107	

December 31, 2022				
Year incurred	Amount filed /assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
Subsidiary-Techform Industrial Co., Ltd.				
2019	$ 61,658	$ 2,069	$ 2,069	2029
Subsidiary-Arctek Security Technologies (Shanghai) Co., Ltd.				
2017~2022	46,982	46,982	46,982	2022~2027
Subsidiary-Ziyong Hardware Products (Taicang) Co., Ltd.				
2021~2022	60,110	60,110	-	2026~2027
Total	$ 168,750	$ 109,161	$ 49,051	

E. As of the report date, the Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. There were no disputes between the Company and the Tax Authority.

(24) Earnings per share

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

	For the year ended December 31, 2022		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 909,759	188,452	$ 4.83
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 909,759	188,452	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	5,183	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 909,759	193,635	$ 4.70

(25) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Increase in property, plant and equipment	$ 68,373	$ 612,589
Add: Opening balance of payable on construction and equipment (Note)	98,275	5,371
Less: Ending balance of payable on construction and equipment (Note)	(5,602)	(98,275)
Cash paid for purchases of property, plant and equipment	$ 161,046	$ 519,685

Note: Recorded as ‘other payables’.

B. Financing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
Prepayments for equipment being converted to property, plant and equipment	$ 14,441	$ 63,757
Increase in right-of-use assets	$ -	$ 44,852
Less: Increase in lease liabilities	-	(44,852)
	$ -	$ -
Long-term borrowings, current portion (recorded as 'other current liabilities'-others)	$ 22,533	$ 20,925

(26) Changes in liabilities from financing activities

	At January 1, 2023	Changes in cash flow from financing activities	At December 31, 2023
Long-term borrowings (Note)	$ 380,314	($ 19,030)	$ 361,284
Lease liability (Note)	44,852	(2,810)	42,042
Guarantee deposits recevied	-	817	817
	$ 425,166	($ 21,023)	$ 404,143

	At January 1, 2022	Changes in cash flow from financing activities	Change in other non-cash items (Note 2)	At December 31, 2022
Long-term borrowings (Note)	$ 401,385	($ 21,071)	$ -	$ 380,314
Lease liability (Note)	-	-	44,852	44,852
	$ 401,385	($ 21,071)	$ 44,852	$ 425,166

Note 1: The long-term borrowings (including current portion) and 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 Group
Hundure Technology Co., Ltd.	The Company is this company's key management.
Taiwan Fu Hsing Culture & Education Foundation	Other related party

(2) Significant related party transactions

A. Purchases:

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
Hundure Technology Co., Ltd.	$ 774	$ 6,318

B. Accounts payable

	December 31, 2023	December 31, 2022
Accounts payable:		
Hundure Technology Co., Ltd.	$ 35	$ 739

C. For the years ended December 31, 2023 and 2022, the Group donated cash amounting to $8,911 and $8,680, 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,	
	2023	2022
Salaries and other short-term employee benefits	$ 89,564	$ 77,246
Post-employment benefits	333	664
	$ 89,897	$ 77,910

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	December 31, 2023	December 31, 2022	Purpose
Restricted bank deposits (shown as "Current financial assets at amortised cost")	$ 5,835	$ 5,835	Guarantee and performance guarantee for trading of derivate financial products
Land	172,605	172,605	Collateral for long-term borrowings
Net value of buildings and structure	467,784	478,920	Collateral for long-term borrowings
Refundable deposits (recorded as'other financial assets-non-current')	300	-	Guarantee for imports and derivative financial products
	$ 646,524	$ 657,360	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Unused letters of credit:

	December 31, 2023	December 31, 2022
Purchase of materials and equipment	$ 25,489	$ 30,000

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

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 115,175	$ 129,037

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 6, 2024, the Board of Directors of the Company resolved the following items, details of the appropriation of earnings for 2023 are provided in Note 6(17).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group'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 Group uses debt ratio to control capital. The Group's policy is to maintain a stable debt ratio and the ratios are as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 2,598,746	$ 2,502,421
Total assets	$ 9,638,788	$ 9,208,221
Debt ratio	27%	27%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 840,445	$ 136,718
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 465,172	$ 498,594
Financial assets at amortised cost / Loans and receivables		
Cash and cash equivalents	$ 2,186,559	$ 2,439,034
Financial assets at amortised cost - current	43,566	50,582
Notes receivable	37,842	36,927
Accounts receivable	1,696,388	1,422,112
Other financial assets (current and non-current)	52,415	25,500
	$ 4,016,770	$ 3,974,155
Financial liabilities		
Financial liabilities at amortised cost		
Notes payable	$ 3,965	$ 7,082
Accounts payable	1,091,659	965,321
Other accounts payable	666,646	730,463
Long-term borrowings (including current portion)	361,284	380,314
	$ 2,123,554	$ 2,083,180
Lease liability	$ 42,042	$ 44,852

B. Financial risk management policies

In order to control effectively and decrease financial risk, the directors of the Group focus on identifying, evaluating and hedging market uncertainties to minimise potential adverse effects from markets on the Group'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 Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. 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 Group 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 Group's strategic investment is to hold certain investments in foreign operations, thus, the Group does not hedge the investment.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). 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, 2023		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 74,588	$ 30.71	$ 2,290,597
USD:RMB	30,633	7.11	940,739
RMB:NTD	9,259	4.32	39,999
AUD:NTD	1,198	20.98	25,134
EUR:NTD	564	33.98	19,165
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	51,076	30.71	1,561,627
THB:NTD	359,705	0.90	323,735
Financial liabilities			
Monetary items			
USD:NTD	21,198	30.71	650,991
RMB:NTD	4,701	4.32	20,308
USD:RMB	650	7.11	19,962

	December 31, 2022		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 65,170	$ 30.71	$ 2,001,371
USD:RMB	36,678	6.96	1,126,381
RMB:NTD	26,532	4.42	117,271
AUD:NTD	1,538	20.83	32,037
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	61,313	30.71	1,897,617
Financial liabilities			
Monetary items			
USD:NTD	15,601	30.71	479,107
USD:RMB	770	6.96	23,647
RMB:NTD	6,859	4.42	30,317

iv. Total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022 amounted to $28,373 and $268,964, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	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)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 22,906	$ -
USD:RMB	1%	9,407	-
RMB:NTD	1%	400	-
AUD:NTD	1%	251	-
EUR:NTD	1%	192	-
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	1%	-	15,616
THB:NTD	1%	-	3,237
Financial liabilities			
Monetary items			
USD:NTD	1%	6,510	-
RMB:NTD	1%	203	-
USD:RMB	1%	200	-

	For the year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 20,014	$ -
USD:RMB	1%	11,264	-
RMB:NTD	1%	1,173	-
AUD:NTD	1%	320	-
Non-monetary items			
Investments accounted for using equity method			
USD:NTD	1%	-	18,976
Financial liabilities			
Monetary items			
USD:NTD	1%	4,791	-
USD:RMB	1%	236	-
RMB:NTD	1%	303	-

Price risk

i. The Group'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 Group had assessed the bearable price risk at the time of investing and managed with proper authorisation.

ii. The Group'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, 2023 and 2022 would have increased/decreased by $42,022 and $6,836, 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 $23,259 and $24,930, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

Interest rate risk

The Group's long-term borrowing are floating-rate debt, therefore the effective interest rate of its long-term borrowings will vary according to changes in market interest rates, creating fluctuations in future cash flows. If the market interest rate decreases by 100 basis points, the cash outflows for the years ended December 31, 2023 and 2022, will decrease by $3,613 and $3,803, respectively.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group 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 Group's treasury measures and control credit risk of deposits with banks, fixed investment income and other financial instruments. The Group'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 Group manages their credit risk taking into consideration the entire group's concern. To maintain quality of accounts receivable, the Group 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 Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

v. As of December 31, 2023 and 2022, the Group assesses the default possibility of accounts receivable for its customers: The provision for not past due and up to 30 days past due both were 0.01% and 0.10%, 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, as of December 31, 2023 and 2022, the Group's balance of receivables past due over 31 days constitutes 0.40% and 0.25%, respectively, of total receivables.

vi. As of December 31, 2023 and 2022, notes and accounts receivables from the Group's top 3 customers constituted 72% and 70% of the Group'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 reorganization 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 Group applying the modified approach to provide loss allowance for notes and accounts receivable are as follows:

	2023	
	Accounts receivable	Notes receivable
At January 1	$ 677	$ -
Provision for impairment	1,402	-
Others	(1)	-
At December 31	$ 2,078	$ -

	2022	
	Accounts receivable	Notes receivable
At January 1	$ 1,719	$ -
Reversal of impairment loss	(1,045)	-
Others	3	-
At December 31	$ 677	$ -

For provisioned loss in 2023 and 2022, the impairment (losses) gains arising from customer contracts is ($1,402) and $1,045, 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 Group'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, 2023			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 3,965	$ -	$ -	$ -
Accounts payable	1,091,659	-	-	-
Other payables	666,646	-	-	-
Long-term borrowings (including current portion)	30,668	28,457	85,370	279,922
Lease liability	3,412	3,412	10,238	32,108
	$1,796,350	$ 31,869	$ 95,608	$ 312,030

Derivative financial liabilities: None

	December 31, 2022			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Notes payable	$ 7,082	$ -	$ -	$ -
Accounts payable	965,321	-	-	-
Other payables	730,463	-	-	-
Long-term borrowings (including current portion)	27,654	27,654	82,963	299,588
Lease liability	3,413	3,413	10,238	35,650
	$1,733,933	$ 31,067	$ 93,201	$ 335,238

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, 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. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in certain derivative instruments, equity investment without active market and investment property 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, other financial assets, notes payable, accounts payable, other payables and long-term borrowings (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:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 840,445	$ -	$ -	$ 840,445
Financial assets at fair value through other comprehensive income				
Equity securities	436,850	-	28,322	465,172
	$ 1,277,295	$ -	$ 28,322	$ 1,305,617

Liabilities: None

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 136,718	$ -	$ -	$ 136,718
Financial assets at fair value through other comprehensive income				
Equity securities	470,272	-	28,322	498,594
	$ 606,990	$ -	$ 28,322	$ 635,312

Liabilities: None

(b) The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Equity securities	Equity securities
At January 1	$ 28,322	$ 31,822
Disposal of the remaining investment of the subsidiaries' partial shares	-	-
Recorded as unrealised gains (losses) on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	(3,500)
At December 31	$ 28,322	$ 28,322

G. The Group'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 Group'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

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. 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.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 4.

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

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

(1) General information

In order to respond to objectives of providing services to clients, upgrading overall competition and globalization, except in Taiwan, the Company established operating bases in Mainland China and America to provide high speed and quality services. Management has determined the reportable operating segments based on reporting information used for normal performance management and strategic decisions reviewed and implemented, and the two geographical reportable operating segments are Asia and America.

(2) Measurement of segment information

The Group uses the operating profit as the measurement for operating segment profit and the basis of performance assessment.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	For the year ended December 31, 2023			
	Asia	America	Adjustment and elimination	Total
Revenue from external customers	$ 9,053,424	$ 20,015	$ -	$ 9,073,439
Inter-segment revenue	2,931,652	67,138	(2,998,790)	-
Total segment revenue	$ 11,985,076	$ 87,153	($ 2,998,790)	$ 9,073,439
Reportable segment profit or loss	$ 1,117,589	$ 14,024	$ 15,199	$ 1,146,812
Segment income:				
Depreciation and amortization	$ 218,550	$ 2,619	$ -	$ 221,169

	For the year ended December 31, 2022			
	Asia	America	Adjustment and elimination	Total
Revenue from external customers	$ 9,404,560	$ 126,360	$ -	$ 9,530,920
Inter-segment revenue	3,084,697	58,505	(3,143,202)	-
Total segment revenue	$ 12,489,257	$ 184,865	($ 3,143,202)	$ 9,530,920
Reportable segment profit or loss	$ 859,721	$ 20,337	$ 24,234	$ 904,292
Segment income:				
Depreciation and amortization	$ 214,933	$ 2,483	$ -	$ 217,416

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2023 and 2022 is provided as follows:

	For the years ended December 31,	
	2023	2022
Reportable segments profit and loss	$ 1,146,812	$ 904,292
Dividend income	33,952	25,900
Net currency exchange gain	28,373	268,964
Net gain (loss) on financial assets and liabilities at fair value through profit or loss	16,942	(5,265)
Gain on disposal of investments	6,359	901
Impairment loss on non-financial assets	(23,670)	-
Others	67,943	10,421
Profit before tax and continued operations	$ 1,276,711	$ 1,205,213

The amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the financial statements.

(5) Information on products and services

Revenue from external customers is mainly from sales of metalwork doors.

(6) Geographical information

Revenue from external customers:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
America	$ 6,893,443	$ 76,269	$ 7,052,852	$ 78,224
Asia	1,413,220	3,216,670	1,549,667	3,072,727
Others	766,776	-	928,401	-
	$ 9,073,439	$ 3,292,939	$ 9,530,920	$ 3,150,951

For the geographical information, revenue is based on the location of customers. Non-current assets include fixed assets, intangible assets, and other assets (excludes financial instruments and deferred income tax assets) and non-current assets based on the location of assets.

(7) Major customer information

	For the years ended December 31,			
	2023		2022	
	Revenue	Segment	Revenue	Segment
C	$ 3,752,107	Asia and America	$ 3,319,456	Asia and America
B	1,509,349	Asia	2,172,329	Asia
E	767,786	Asia	547,487	Asia
	$ 6,029,242		$ 6,039,272	

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Formflex Metal Industrial (Changshu) Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	Other receivabes-related parties	Y	$ 138,640	$ -	$ -	2.00	Note 1(2)	-	Operating turnover	$ -	None	$ -	$ 191,259	$ 286,888	Note 2 and 3

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.

(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.

Note 3: On July 7, 2023, the Board of Directors of Formflex Metal Industrial (Changshu) Co., Ltd. resolved to transfer the loans granted to Arctek Security Technologies (Shanghai) Co., Ltd. into an investment in Arctek Security Technologies (Shanghai) Co., Ltd., which amounting to RMB 16 million (approximately $68,144). The related procedures were completed on September 5, 2023.

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, 2023

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Taiwan Fu Hsing Industrial Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	15,503,695	$ 216,160	Note 2	$ 216,160	
	Beneficiary certificates - Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	12,562,183	208,368	Note 2	208,368	
	Beneficiary certificates - Union Money Market Fund	None	Financial assets at fair value through profit or loss - current	13,636,634	185,117	Note 2	185,117	
	Beneficiary certificates - Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	11,440,590	184,232	Note 2	184,232	
	Beneficiary certificates - Yuanta/P-shares Taiwan Dividend Plus ETF	None	Financial assets at fair value through profit or loss - current	500,000	18,700	Note 2	18,700	
	Stocks - Pegatron Corporation	None	Financial assets at fair value through profit or loss - current	66,000	5,762	Note 2	5,762	
	Stocks - Huaku Development Co., Ltd.	None	Financial assets at fair value through profit or loss - current	50,000	4,815	Note 2	4,815	
	Stocks - Formosa Advanced Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - current	110,000	4,290	Note 2	4,290	
	Stocks - Chipbond Technolgy Corporation	None	Financial assets at fair value through profit or loss - current	50,000	3,615	Note 2	3,615	
	Stocks - Chicony Electronics Co., Ltd.	None	Financial assets at fair value through profit or loss - current	15,000	2,625	Note 2	2,625	
	Stocks - ITE Tech. Inc.	None	Financial assets at fair value through profit or loss - current	15,000	2,258	Note 2	2,258	
	Stocks - Hiyes International Co., Ltd.	None	Financial assets at fair value through profit or loss - current	24,200	2,255	Note 2	2,255	
	Stocks - Dynapack International Technolgy Corporation	None	Financial assets at fair value through profit or loss - current	25,000	2,248	Note 2	2,248	
	Stocks - Fine Blanking & Tool Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,552,867	272,659	9.98	272,659	
	Stocks - Advanced International Multitech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,115,000	81,172	Note 2	81,172	
	Stocks - Excelsior Medical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	385,875	34,111	Note 2	34,111	
	Stocks - Min Aik Precision Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,077,000	32,310	Note 2	32,310	
	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	13,633	Note 2	13,633	
	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 - Launch Technologies Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	50,000	2,965	Note 2	2,965	
	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 - Hwa Nan Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income - non-current	85,891	-	15.85	-	
	Stocks - Ofis International Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	720,000	-	Note 2	-	
	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, 2023

Table 3

Expressed in thousands of NTD

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023	
					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 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,974,362	$ 96,000	31,825,248	$ 440,000	23,295,915	$ 322,174	$ 321,000	$ 1,174	15,503,695	$ 215,000
	Beneficiary certificates - Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	48,704,863	803,000	36,142,680	596,888	595,000	1,888	12,562,183	208,000
	Beneficiary certificates - Union Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	61,743,586	834,000	48,106,952	650,051	649,000	1,051	13,636,634	185,000
	Beneficiary certificates - Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	56,783,515	910,000	45,342,925	726,620	726,000	620	11,440,590	184,000
	Beneficiary certificates - Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	25,341,972	391,000	25,341,972	391,283	391,000	283	-	-
	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	23,856,862	346,000	23,856,862	346,187	346,000	187	-	-
Fortress Industrial Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	39,746,489	549,500	39,746,489	549,912	549,500	412	-	-

Company Name

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Fu Sing Industrial (Thailand) Co., Ltd.	Plant	2023.6.27 (Note)	$ 349,373	$ 266,530	POJANA INDUSTRIAL PARK PUBLIC CO., LTD.	A non-related pary	-	-	-	$ -	Negotiated and by reference to the appraisal report	Plant construction needs	

Note :FU SING INDUSTRIAL (THAILAND) CO., LTD. On June 27, 2023, the 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 in accordance with the the contract stipulates payment of a price.

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, 2023

Table 5

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to thrid party transations		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Taiwan Fu Hsing Indurstrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	Indirectly-owned subsidiary	Purchases	$ 1,759,339	37	Agreement	Note	Note	($ 437,269)	(53)	
	Techform Industrial Co., Ltd.	Subsidiary	Purchases	412,270	9	Agreement	Note	Note	(33,537)	(4)	
	Sunion Technology Co., Ltd.	Subsidiary	Purchases	159,128	3	Agreement	Note	Note	(6,467)	(1)	
Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	Affiliated company	Purchases	220,879	22	Agreement	Note	Note	(41,875)	(17)	
Formflex Metal Industrial (Changshu) Co., Ltd.	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(1,759,339)	(100)	Agreement	Note	Note	437,269	99	
Techform Industrial Co., Ltd.	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(412,270)	(53)	Agreement	Note	Note	33,537	25	
Sunion Technology Co., Ltd.	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(159,128)	(92)	Agreement	Note	Note	6,467	69	
Arctek Industrial Co., Ltd.	Fortress Industrial Co., Ltd.	Affiliated company	(Sales)	(220,879)	(66)	Agreement	Note	Note	41,875	61	

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, 2023

Table 6

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	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	$ 437,269	4.85	$ -	-	$ 354,283	$ -

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

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			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	1	Purchases	$ 1,759,339	Agreement	19.39%
		”	”	Accounts payable - related parties	437,269	Agreement	4.53%
		Techform Industrial Co., Ltd.	1	Purchases	412,270	Agreement	4.54%
		”	”	Accounts payable - related parties	33,537	Agreement	0.35%
		Sunion Technology Co., Ltd.	1	Purchases	159,128	Agreement	1.75%
		Ziyong Hardware Products (Taicang) Co., Ltd.	1	Purchases	72,593	Agreement	0.80%
		FU HSING AMERICAS INC.	1	Operating expenses	67,498	Agreement	0.74%
		”	”	Other payable - related parties	28,899	Agreement	0.30%
1	Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Purchases	220,879	Agreement	2.43%
		”	”	Accounts payable - related parties	41,875	Agreement	0.43%
		”	”	Service revenue	12,530	Agreement	0.14%
		Rui Sheng Industrial Co.,Ltd.	3	Purchases	11,304	Agreement	0.12%
		Arctek Security Technologies (Shanghai) Co., Ltd.	3	Sales	11,898	Agreement	0.13%
2	Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	3	Sales	13,560	Agreement	0.15%
		”	”	Purchases	18,329	Agreement	0.20%
3	Formflex Metal Industrial (Changshu) Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	3	Purchases	76,601	Agreement	0.84%
		”	”	Accounts payable - related parties	18,272	Agreement	0.19%
4	Rui Sheng Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Sales	33,246	Agreement	0.37%
		”	”	Accounts receivable - related parties	10,875	Agreement	0.11%

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, 2023

Table 8

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Enterprise Co., Ltd.	SAMOA	Investment holdings	$ 741,744	$ 741,744	23,704,000	100.00	$ 1,001,691	$ 222,269	$ 222,693	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Techform Industrial Co., Ltd.	Taiwan	Processing of hardware products	800,000	800,000	80,000,000	100.00	818,607	28,496	28,714	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	790,579	110,176	110,213	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Master United Investment Group Ltd.	British Virgin Islands	Investment holdings	337,175	538,240	930,000	100.00	382,787	(57,499)	(56,276)	Note 1 and 4
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	177,149	10,391	10,794	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	85,438	7,453	5,244	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	70,352	11,980	11,980	
Taiwan Fu Hsing Industrial Co., Ltd.	FU SING INDUSTRIAL (THAILAND) CO., LTD.	Thailand	Sales and manufacture of door locks and related accessories	320,190	-	74,999,955	99.99	323,735	(265)	(265)	Note 3
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	30,046	5,444	-	Note 2
Formflex Enterprise Co., Ltd.	Fortune Industrial Ltd.	SAMOA	Investment holdings	6,698	6,698	204,000	51.00	9,828	(3,125)	-	Note 2

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 investment income (loss) of the Company on the investees accounted for under the equity method.

Note 3: The investee was established and registered at the end of April 2023. The capital was invested in June 2023 and the capital verification was completed in July 2023.
In addition, the shareholder decided to increase the registered capital amounting to THB 250 million on November 17, 2023. As of now, the investee is still under the plant construction and operation preparation.

Note 4: On September 6, 2023, the Board of Directors of the Company resolved to reduce and return its capital in the investee amounting to USD 6.3 million The Company had recovered the investment amount on October 16, 2023.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2023

Table 9

Expressed 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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	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	$ 222,812	100	$ 222,812	$ 956,295	$ 807,610	Note 2
Ziyong Hardware Products (Taicang) Co., Ltd.	Sales and manufacture of door locks and related accessories and furniture	297,447	(2)	520,957	-	201,065	319,892	(58,590)	100	(58,590)	381,853	435,021	Note 2、Note 5
Fortress door control product (Changshu) Co., Ltd.	Manufacturing of products related to door closers	-	(1)	90,750	-	61,980	28,770	2,384	100	2,384	-	-	Note 2、Note 6
ChangShu Fortune Packing Material Co., Ltd.	Sales and manufacture of packing materials and plastic	-	(2)	6,698	-	-	6,698	(134)	51	(68)	-	-	Note 2、Note 7
Arctek Security Technologies (Shanghai) Co., Ltd.	Sales and manufacture of transom closers and floor springs	74,763	(3)	-	-	-	-	2,675	100	2,675	15,554	-	Note 2、Note 8

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment 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.	$ 1,061,680	$ 1,061,680	$ 4,188,666	Note 3
Fortress Industrial Co., Ltd.	28,770	28,770	475,130	Note 4

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 indirect investment where the earnings of Ziyong Hardware Products (Taicang) Co., Ltd., the Company's investee in Mainland China, were used to invest in Arctek Security Technologies (Shanghai) Co., Ltd.

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: On June 12, 2023, the shareholder decided to reduce the registered capital amounting to USD 6.3 million in Ziyong Hardware Products (Taicang) Co., Ltd. The registration for the change was completed on July 31, 2023.
On October 16, 2023, the Company had recovered the investment amount amounting to USD 6.3 million through MASTER UNITED INVESTMENT GROUP LTD.

Note 6: 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 and remitted back the residual property amounting to USD 1,922 thousand.

Note 7: 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 and remitted the residual property amounting to USD 627 thousand to FORTUNE INDUSTRIAL LTD. As of now, the Company has not recovered the related investment amount.

Note 8: On March 8, 2023, the shareholders resolved to reduce capital to offset against accumulated deficits in Arctek Security Technologies (Shanghai) Co., Ltd., and the capital reduction was completed on May 30, 2023.
In addition, on July 7, 2023, the shareholder decided to increase the registered capital amounting to RMB 16 million, and completed the capital increase on August 10, 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, 2023

Table 10

Expressed in thousands of NTD

		Sale (purchase)		Property transaction		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing			
Purchaser/seller	Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Amount	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Material Industrial (Changshu) Co., Ltd.	($ 1,759,339)	(37)	$ 4,676	36	($ 437,832)	(34)	$ 106	2	$ -	-	$ -	$ -	-	$ -
Taiwan Fu Hsing Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	(72,593)	(2)	-	-	(5,747)	(1)	-	-	-	-	-	-	-	-
Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	13,560	2	-	-	797	1	-	-	-	-	-	-	-	-
Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	(18,329)	(4)	-	-	(3,436)	(8)	-	-	-	-	-	-	-	-
Fortress Industrial Co., Ltd.	Fortress Door Control Product (Changshu) Co., Ltd.	11,898	1	-	-	3,185	1	-	-						

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Major shareholders information

December 31, 2023

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
HSBC Depository BNP Paribas Wealth Management (Singapore)	11,261,000	5.97%
Fu Chih Investment Development Co.,Ltd.	10,091,307	5.35%
Fiuding Investment Trust Co.,Ltd.	9,428,254	5.00%

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.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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

PWCR23000431

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, 2023 and 2022, 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, 2023 and 2022, 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 2023 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 2023 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$70,352 thousand and NT$58,372 thousand, constituting 1% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT$11,980 thousand and NT$15,622 thousand, constituting 1% 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 6, 2024

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 561,344	6	$ 925,229	11
1110	Financial assets at fair value through profit or loss - current	6(2)	840,445	10	136,718	2
1136	Current financial assets at amortised cost	6(3) and 8	11,935	-	41,582	-
1150	Notes receivable, net	6(4)	24,646	-	23,194	-
1170	Accounts receivable, net	6(4)	1,277,476	15	1,045,739	13
1180	Accounts receivable - related parties	6(4) and 7	1,037	-	6,645	-
1210	Other receivables - related parties	7	1,173	-	771	-
130X	Inventories	5 and 6(5)	336,916	4	461,344	6
1476	Other current financial assets		3,520	-	1,451	-
1479	Other current assets, others		45,345	1	72,779	1
11XX	**Current Assets**		3,103,837	36	2,715,452	33
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	465,172	5	498,594	6
1550	Investments accounted for under equity method	6(7)	3,650,338	42	3,535,978	43
1600	Property, plant and equipment	6(8)	1,287,324	15	1,322,146	16
1755	Right-of-use assets	6(9)	43,730	1	44,852	1
1780	Intangible assets		5,727	-	715	-
1840	Deferred income tax assets	6(21)	64,450	1	46,024	1
1980	Other non-current financial assets		38,414	-	10,919	-
1990	Other non-current assets, others		2,151	-	6,580	-
15XX	**Non-current assets**		5,557,306	64	5,465,808	67
1XXX	**Total assets**		$ 8,661,143	100	$ 8,181,260	100

(Continued)

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2170	Accounts payable		$ 335,322	4	$ 306,930	4
2180	Accounts payable - related parties	7	483,020	6	351,814	4
2200	Other payables	6(10)	449,907	5	504,761	6
2220	Other payables - related parties	7	30,404	-	29,933	1
2230	Current income tax liabilities		124,421	1	93,516	1
2399	Other current liabilities, others		15,090	-	15,000	-
21XX	**Current Liabilities**		1,438,164	16	1,301,954	16
	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	158,076	2	162,673	2
2580	Non-current lease liabilities		39,278	-	42,159	1
2640	Accrued pension liabilities	6(11)	43,696	1	29,437	-
2645	Guarantee deposits received		817	-	-	-
25XX	**Non-current liabilities**		241,867	3	234,269	3
2XXX	**Total Liabilities**		1,680,031	19	1,536,223	19
	Equity					
	Share capital					
3110	Share capital - common stock	6(12)	1,884,521	22	1,884,521	23
	Capital surplus					
3200	Capital surplus	6(13)	567,114	6	567,114	7
	Retained earnings	6(14)				
3310	Legal reserve		1,361,922	16	1,268,103	16
3320	Special reserve		87,897	1	193,516	2
3350	Unappropriated retained earnings		3,217,413	37	2,819,680	34
	Other equity interest	6(15)				
3400	Other equity interest		(137,755)	(1)	(87,897)	(1)
3XXX	**Total equity**		6,981,112	81	6,645,037	81
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 8,661,143	100	$ 8,181,260	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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			Year ended December 31			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16) and 7	$ 6,670,652	100	$ 6,758,383	100
5000	Operating costs	6(5)(11)(19)(20) and 7	(5,363,437)	(80)	(5,622,682)	(83)
5900	Net operating margin		1,307,215	20	1,135,701	17
	Operating expenses	6(11)(19)(20) and 7				
6100	Selling expenses		(198,913)	(3)	(186,960)	(3)
6200	General and administrative expenses		(260,226)	(4)	(233,872)	(3)
6300	Research and development expenses		(104,169)	(2)	(101,606)	(2)
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(823)	-	1,021	-
6000	Total operating expenses		(564,131)	(9)	(521,417)	(8)
6900	Operating profit		743,084	11	614,284	9
	Non-operating income and expenses					
7100	Interest income		22,370	-	16,139	-
7010	Other income	6(17)	52,045	1	28,990	-
7020	Other gains and losses	6(18)	6,744	-	143,079	2
7050	Finance costs		(819)	-	(211)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net		333,097	5	301,900	5
7000	Total non-operating income and expenses		413,437	6	489,897	7
7900	**Profit before income tax**		1,156,521	17	1,104,181	16
7950	Income tax expense	6(21)	(209,247)	(3)	(194,422)	(3)
8200	**Profit for the year**		$ 947,274	14	$ 909,759	13
	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)	($ 18,674)	-	$ 38,804	-
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(15)	(33,422)	(1)	59,937	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		109	-	(2,634)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	3,735	-	(7,760)	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(48,252)	(1)	88,347	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)	54,736	1	181,266	3
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		(71,172)	(1)	(135,560)	(2)
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(16,436)	-	45,706	1
8300	**Other comprehensive (loss) income for the year**		($ 64,688)	(1)	$ 134,053	2
8500	**Total comprehensive income for the year**		$ 882,586	13	$ 1,043,812	15
	Basic earnings per share (in dollars)	6(22)				
9750	Total basic earnings per share		$	5.03	$	4.83
9850	Total diluted earnings per share		$	4.93	$	4.70

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained earnings			Other equity interest		Total equity
				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	
2022									
Balance at January 2022		$ 1,884,521	$ 567,114	$ 1,199,351	$ 207,950	$ 2,388,090	($ 228,320)	$ 34,804	$ 6,053,510
Net income for 2022		-	-	-	-	909,759	-	-	909,759
Other comprehensive income for 2022	6(6)(15)	-	-	-	-	28,410	45,706	59,937	134,053
Total comprehensive income		-	-	-	-	938,169	45,706	59,937	1,043,812
Distribution of 2021 earnings:									
Legal reserve		-	-	68,752	-	(68,752)	-	-	-
Special reserve		-	-	-	(14,434)	14,434	-	-	-
Cash dividends	6(14)	-	-	-	-	(452,285)	-	-	(452,285)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(15)	-	-	-	-	24	-	(24)	-
Balance at December 31, 2022		$ 1,884,521	$ 567,114	$ 1,268,103	$ 193,516	$ 2,819,680	($ 182,614)	$ 94,717	$ 6,645,037
2023									
Balance at January 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 for 2023	6(6)(15)	-	-	-	-	(14,830)	(16,436)	(33,422)	(64,688)
Total comprehensive income		-	-	-	-	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

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, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 1,156,521	$ 1,104,181
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain)	12(2)	823	(1,021)
Net gain on financial assets or liabilities at fair value through (profit) loss	6(18)	(16,879)	5,212
Depreciation expense	6(8)(9)(19)	79,060	62,159
Amortization expense	6(19)	1,136	2,309
Share of profit or loss of associates and joint ventures accounted for using equity method		(333,097)	(301,900)
Dividend income	6(17)	(33,952)	(25,900)
Interest income		(22,370)	(16,139)
Interest expense		819	211
Gain on disposal of investments	6(18)	(5,706)	(672)
Impairment loss on non-financial assets	6(7)(18)	23,670	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		(681,141)	(98,882)
Notes receivable		(1,452)	3,772
Accounts receivable		(232,560)	45,094
Accounts receivable - related parties		5,608	41,804
Other receivables - related parties		(402)	110
Inventories		124,428	223,379
Other financial assets - current		(1,860)	(217)
Other current assets - others		27,434	(14,722)
Changes in operating liabilities			
Accounts payable		28,392	(132,157)
Accounts payable - related parties		131,206	(28,961)
Other payables		40,837	54,971
Other payables - relayed parties		470	(25,624)
Other current liabilities - others		18	(9,724)
Net defined benefit liability, non-current		(4,415)	(8,719)
Cash inflow generated from operations		286,588	878,564
Dividends received		331,819	83,591
Interest received		22,161	15,108
Interest paid		(819)	(211)
Income tax paid		(197,630)	(134,846)
Net cash flows from operating activities		442,119	842,206

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TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at amortised cost		($ 56,736)	($ 153,456)
Proceeds from disposal of financial assets at amortised cost		86,383	175,968
Acquisition of financial assets at fair value through other comprehensive income		-	(55,789)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	84
Acquisition of investments accounted for using equity method	6(7)	(320,190)	-
Proceeds from capital reduction of investments accounted for using equity method	6(7)	201,065	-
Acquisition of property, plant and equipment	6(23)	(126,455)	(450,394)
Increase in prepaid equipment		(7,924)	(28,031)
Acquisition of intangible assets		(6,148)	(275)
Increase in other financial assets - non-current		(27,495)	-
Net cash flows used in investing activities		(257,500)	(511,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of lease liabilites		(2,810)	-
Increase in guarantee deposits received		817	-
Cash dividends paid	6(14)	(546,511)	(452,285)
Net cash flows used in financing activities		(548,504)	(452,285)
Net decrease in cash and cash equivalents		(363,885)	(121,972)
Cash and cash equivalents at beginning of year	6(1)	925,229	1,047,201
Cash and cash equivalents at end of year	6(1)	$ 561,344	$ 925,229

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, 2023 AND 2022
(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 6, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2023 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023
Amendments to IAS 12, 'International tax reform - pillar two model rules'	May 23, 2023

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

(2) 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 and will become 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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

(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 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
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.

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) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(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 it's 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. 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, 2023, the carrying amount of inventories was $336,916.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand and petty cash	$ 405	$ 287
Checking and demand deposits	14,826	29,963
	15,231	30,250
Cash equivalents:		
Time deposits	546,113	894,979
	$ 561,344	$ 925,229

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, 2023	December 31, 2022
Financial assets mandatorily measured at fair value		
Listed (TSE and OTC) stocks	$ 24,851	$ 33,542
Beneficiary certificates	806,275	110,275
	831,126	143,817
Valuation adjustment	9,319	(7,099)
	$ 840,445	$ 136,718

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, 2023	December 31, 2022
Current items:		
Restricted bank deposits	$ 5,835	$ 5,835
Time deposits with original maturity date	6,100	35,747
	$ 11,935	$ 41,582

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

B. As at December 31, 2023 and 2022, 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 $11,935 and $41,582, 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, 2023	December 31, 2022
Notes receivable	$ 24,646	$ 23,194
Less: Allowance for bad debts	-	-
	$ 24,646	$ 23,194
Accounts receivable	$ 1,278,937	$ 1,046,377
Less: Allowance for bad debts	(1,461)	(638)
	$ 1,277,476	$ 1,045,739
Accounts receivable - related parties	$ 1,037	$ 6,645

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

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 24,646	$ 1,197,729	$ 23,194	$ 968,864
Past due				
Up to 30 days	-	77,600	-	83,190
31 to 60 days	-	4,441	-	168
61 to 90 days	-	6	-	5
91 to 180 days	-	26	-	756
181 to 360 days	-	90	-	39
Over 360 days	-	82	-	-
	$ 24,646	$ 1,279,974	$ 23,194	$ 1,053,022

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable and notes receivable were all from contracts with customers. And as of January 1, 2022, the balance of receivables from contracts with customers amounted to $1,166,886.

C. As at December 31, 2023 and 2022, 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 $1,303,159 and $1,075,578, respectively.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(5) Inventories

	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
	$ 397,476	($ 60,560)	$ 336,916

	December 31, 2022		
	Cost	Allowance	Book value
Raw materials	$ 26,535	($ 3,714)	$ 22,821
Work in process	234,139	(61,348)	172,791
Finished goods	281,695	(15,963)	265,732
	$ 542,369	($ 81,025)	$ 461,344

The cost of inventories recognised as expense for the years ended December 31, 2023 and 2022 was $5,363,437 and $5,622,682, respectively, including the amount of $20,465 and $8,535, respectively, that the Company reversed from a previous inventory write-down and accounted for as reduction of cost of goods sold because the related inventories were scrapped or sold in 2023 and 2022.

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

Item	December 31, 2023	December 31, 2022
Non-current items:		
Equity instruments		
Listed (TSE and OTC) stocks	$ 323,275	$ 323,275
Unlisted stocks	80,602	80,602
	403,877	403,877
Valuation adjustment	61,295	94,717
	$ 465,172	$ 498,594

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 $465,172 and $498,594 as at December 31, 2023 and 2022, 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:

	For the years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($ 33,422)	$ 59,937
Cumulative losses reclassified to retained earnings due to derecognition	$ -	($ 24)
Dividend income recognised in profit or loss		
Held at end of year	$ 30,678	$ 22,563

C. As at December 31, 2023 and 2022, 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 $465,172 and $498,594, 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

	December 31, 2023		December 31, 2022	
Investees	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Subsidiaries:				
FORMFLEX ENTERPRISE CO., LTD.	$ 1,001,691	100%	$ 983,215	100%
TECHFORM INDUSTRIAL CO., LTD.	818,607	100%	789,893	100%
FORTRESS INDUSTRIAL CO., LTD.	790,579	100%	750,466	100%
MASTER UNITED INVESTMENT GROUP LTD. (Note 1)	406,457	100%	698,580	100%
FU SING INDUSTRIAL (THAILAND) CO., LTD. (Note 2)	323,735	99.99%	-	-
FU HSING AMERICAS INC.	177,149	100%	166,501	100%
ARCTEK INDUSTRIAL CO., LTD.	130,671	70%	134,184	70%
SUNION TECHNOLOGY CO., LTD.	70,352	100%	58,372	100%
	3,719,241		3,581,211	
Less: Accumulated impairment	(68,903)		(45,233)	
	$ 3,650,338		$ 3,535,978	

Note 1：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.

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 2023, the Company invested cash capital amounting to $320,190 with a shareholding ratio of approximately 99.99%.

A. Refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2023 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. For the year ended December 31, 2022, there was no such transactions, please refer to Note 6(18).

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(8) Property, plant and equipment

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
January 1, 2023							
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)
	$ 551,945	$ 557,825	$ 143,537	$ 34,655	$ 21,277	$ 12,907	$ 1,322,146
2023							
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, 2023	$ 551,945	$ 539,723	$ 134,830	$ 32,541	$ 20,813	$ 7,472	$ 1,287,324
At December 31, 2023							
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)
	$ 551,945	$ 539,723	$ 134,830	$ 32,541	$ 20,813	$ 7,472	$ 1,287,324

	Land	Buildings and structures	Machinery	Molds	Others	Construction in progress and prepayments for equipment	Total
January 1, 2022							
Cost	$ 551,945	$ 219,160	$ 244,493	$ 61,003	$ 43,444	$ 6,422	$ 1,126,467
Accumulated depreciation and impairment	-	(165,107)	(99,388)	(26,447)	(19,256)	-	(310,198)
	$ 551,945	$ 54,053	$ 145,105	$ 34,556	$ 24,188	$ 6,422	$ 816,269
2022							
Opening net book amount as at January 1	$ 551,945	$ 54,053	$ 145,105	$ 34,556	$ 24,188	$ 6,422	$ 816,269
Additions	-	509,455	795	14,233	4,519	16,495	545,497
Prepayment for equipment transferred	-	-	25,745	6,669	135	(10,010)	22,539
Depreciation charge	-	(5,683)	(28,108)	(20,803)	(7,565)	-	(62,159)
Disposals - cost	-	(61)	(7,495)	(15,090)	(2,052)	-	(24,698)
Disposals - accumulated depreciation	-	61	7,495	15,090	2,052	-	24,698
Closing net book amount as at December 31, 2022	$ 551,945	$ 557,825	$ 143,537	$ 34,655	$ 21,277	$ 12,907	$ 1,322,146
At December 31, 2022							
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)
	$ 551,945	$ 557,825	$ 143,537	$ 34,655	$ 21,277	$ 12,907	$ 1,322,146

A. No borrowing costs was capitalised for the years ended December 31, 2023 and 2022.

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:

	December 31, 2023 Book value	December 31, 2023 Disposals-cost	December 31, 2022 Book value	December 31, 2022 Disposals-cost
Land	$ 43,730	$ 1,122	$ 44,852	$ -

For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $0 and $44,852, respectively.

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

	Year ended December 31, 2023	Year ended December 31, 2022
Interest expense on lease liabilities	$ 750	$ -
Expense on short-term lease contracts	3,126	2,521
Expense on leases of low-value assets	270	262
	$ 4,146	$ 2,783

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $6,956 and $2,783, respectively.

(10) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonus	$ 247,886	$ 263,306
Equipment payable	1,360	97,051
Refund liabilities	125,786	65,209
Directors' remuneration	19,500	19,500
Labour and health insurance fees	13,335	13,047
Others	42,040	46,648
	$ 449,907	$ 504,761

(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, 2023	December 31, 2022
Present value of funded obligations	$ 338,713	$ 334,094
Fair value of plan assets	(295,017)	(304,657)
Net defined benefit liability	$ 43,696	$ 29,437

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2022			
Balance at January 1	$ 369,134	($ 292,174)	$ 76,960
Current service cost	1,656	-	1,656
Interest expense (income)	2,584	(2,045)	539
	373,374	(294,219)	79,155
Remeasurements:			
Return on plan assets	-	(21,592)	(21,592)
Change in population assumptions	1,928	-	1,928
Change in financial assumptions	(9,814)	-	(9,814)
Experience adjustments	(9,326)	-	(9,326)
	(17,212)	(21,592)	(38,804)
Pension fund contribution	-	(10,914)	(10,914)
Paid pension	(22,068)	22,068	-
Balance at December 31	$ 334,094	($ 304,657)	$ 29,437

(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, 2023 and 2022 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,	
	2023	2022
Discount rate	1.20%	1.20%
Future salary increases	3.00%	3.00%

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 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Effect on present value of defined benefit obligation				
December 31, 2023	($ 4,409)	$ 4,545	$ 3,814	($ 3,723)
December 31, 2022	($ 4,757)	$ 4,909	$ 4,167	($ 4,063)

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, 2024 amount to $2,357.

(g) As of December 31,2023, 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	$ 119,764
Within 2 years	27,224
Within 3 years	27,552
Within 4 years	19,900
Within 5 years	19,327
Within 6 to 10 years	71,086
	$ 284,853

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, 2023 and 2022 were $25,614 and $26,316, respectively.

(12) Share capital

A. As of December 31, 2023 and 2022, the Company's authorised capital was $2,424,000, consisting of 242,400 thousand shares of common stock (of which 10 million shares are reserved for the issuance of stock warrants and 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 total shares issued are 188,452 thousand shares.

B. The beginning and ending amount of the Company's outstanding common stocks were both 188,452 thousand shares.

(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, 2023 and 2022 were both $48,991.

D. 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 May 27, 2022, the shareholders resolved that total cash dividends for the distribution of earnings for the year of 2021 was $452,285 at NT$2.4 (in dollars) per share.

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.

(15) Other equity items

	2023		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 182,614)	$ 94,717	($ 87,897)
Revaluation earnings - gross	-	(33,422)	(33,422)
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)

	2022		
	Currency translation	Unrealised gains (losses) on valuation	Total
At January 1	($ 228,320)	$ 34,804	($ 193,516)
Revaluation	-	59,937	59,937
Revaluation transferred to retained earnings - gross	-	(24)	(24)
Currency translation differences:			
―Exchange differences on translation of net assets in foreign operations	181,266	-	181,266
― Exchange differences on translation of shares of investments accounted for under the equity method	(135,560)	-	(135,560)
At December 31	($ 182,614)	$ 94,717	($ 87,897)

(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:

2023	Goods	Services	Total
US	$ 6,042,208	$ -	$ 6,042,208
Asia	410,806	12,974	423,780
Europe	821	-	821
Other	203,843	-	203,843
	$ 6,657,678	$ 12,974	$ 6,670,652

2022	Goods	Services	Total
US	$ 6,070,923	$ -	$ 6,070,923
Asia	440,618	10,939	451,557
Europe	1,094	-	1,094
Other	234,809	-	234,809
	$ 6,747,444	$ 10,939	$ 6,758,383

(17) Other income

	For the years ended December 31,	
	2023	2022
Dividend income	$ 33,952	$ 25,900
Rent income	12,167	698
Other income	5,926	2,392
	$ 52,045	$ 28,990

Note: On August 3, 2021, the Company's Board of Directors resolved to purchase the land. However, the real estate purchase and sale agreement was subsequently terminated with the consent of mutual parties, and the seller returned the Company's deposit and paid a default fine for terminating the contract totaling $100 million.

(18) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net currency exchange gain	$ 7,829	$ 147,619
Gain on disposal of investments	5,706	672
Net gain (loss) on financial assets at fair value through profit or loss	16,879	(5,212)
Impairment loss on non – financial assets	(23,670)	-
	$ 6,744	$ 143,079

(19) Expenses by nature

	For the years ended December 31,	
	2023	2022
Employee benefit expense	$ 891,559	$ 921,406
Depreciation charges on property, plant and equipment	77,938	62,159
Depreciation charges on right-of-use assets	1,122	-
Amortisation	1,136	2,309
	$ 971,755	$ 985,874

(20) Employee benefit expense

	For the years ended December 31,	
	2023	2022
Wages and salaries	$ 738,023	$ 766,711
Labor and health insurance fees	71,524	72,795
Pension costs	26,859	28,511
Directors' remuneration	19,848	19,890
Other personnel expenses	35,305	33,499
	$ 891,559	$ 921,406

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, 2023 and 2022, employees' compensation was accrued at $157,854 and $198,540, respectively; while directors' remuneration was accrued at $19,500. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2023, 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 $157,854 and $19,500, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2022 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2022 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,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 208,366	$ 166,524
Tax on unappropriated earnings	20,174	9,046
Prior year income tax overestimation	(5)	(6,076)
Total current tax	228,535	169,494
Deferred tax:		
Origination and reversal of temporary differences	(19,288)	24,928
Income tax expense	$ 209,247	$ 194,422

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

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	($ 3,735)	$ 7,760

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 231,304	$ 220,836
Effect of amount not allowed to be recognised under the regulations	(42,226)	(29,384)
Additional tax on undistributed earnings	20,174	9,046
Prior year income tax overestimation	(5)	(6,076)
Income tax expense	$ 209,247	$ 194,422

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

	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-sinancial 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)	-	-
	46,024	14,691	3,735	64,450
Deferred tax liabilities:				
Revaluation increments	(41,619)	-	-	(41,619)
Investment income	(121,054)	6,461	-	(114,593)
Unrealised exchange gain	-	(1,864)	-	(1,864)
	(162,673)	4,597	-	(158,076)
	($ 116,649)	$ 19,288	$ 3,735	($ 93,626)

	2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences:				
Net defined benefit liability	$ 15,392	($ 1,745)	($ 7,760)	$ 5,887
Loss on obsolete and slow-moving and market price decline of inventories	17,912	(1,707)	-	16,205
Accrued unused compensated absences	5,060	-	-	5,060
Accrued sales returns and discounts	11,950	1,092	-	13,042
Unrealised exchange loss	486	3,924	-	4,410
Unrealised valuation loss	-	1,420	-	1,420
	50,800	2,984	(7,760)	46,024
Deferred tax liabilities:				
Revaluation increments	(41,619)	-	-	(41,619)
Investment income	(92,938)	(28,116)	-	(121,054)
Unrealised exchange gain	(204)	204	-	-
	(134,761)	(27,912)	-	(162,673)
	($ 83,961)	($ 24,928)	($ 7,760)	($ 116,649)

D. As of the report date, the Company's income tax returns through 2021 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, 2023		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 947,274	188,452	$ 5.03
Diluted earnings per share			
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

	For the year ended December 31, 2022		
	Amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 909,759	188,452	$ 4.83
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 909,759	$ 188,452	
Assumed conversion of all dilutive potential ordinary shares:			
Employees' compensation	-	5,183	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 909,759	193,635	$ 4.70

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Increase in property, plant and equipment	$ 30,764	$ 545,497
Add: Opening balance of payable on equipment (Note)	97,051	1,948
Less: Ending balance of payable on equipment (Note)	(1,360)	(97,051)
Cash paid for purchases of property, plant and equipment	$ 126,455	$ 450,394

Note: Recorded as 'other payables'.

B. Financing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
Prepayments for equipment being converted to property, plant and equipment	$ 12,352	$ 22,539
Increase in right-of-use asset	$ -	$ 44,852
Loss : Increase in lease liability	-	(44,852)
	$ -	$ -

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)	〃

Names of related parties	Relationship with the Company
ARCTEK SECURITY TECHNOLOGIES (SHANGHAI) CO., LTD. (ARCTEK)	Subsidiary
FORMFLEX METAL INDUSTRIAL (CHANGSHU) CO., LTD. (FORMFLEX CHANGSHU)	〃
FORTUNE INDUSTRIAL LTD. (FORTUNE)	〃
CHANGSHU FORTUNE PACKING MATERIAL CO., LTD. (CHANGSHU FORTUNE PACKING) (NOTE 2)	〃
FU SING INDUSTRAIL (THAILAND) CO.,LTD. (「F.S.T.」)	〃
HUNDURE TECHNOLOGY CO., LTD. (HUNDURE TECHNOLOGY).	The Company's subsidiary.
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 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,	
	2023	2022
Sales of goods:		
Subsidiaries		
F.H.A	$ 9,055	$ 40,069
Others	4,273	3,956
Sales of services:		
Subsidiaries		
FORMFLEX CHANGSHU	4,676	3,212
Others	8,298	7,727
	$ 26,302	$ 54,964

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,	
	2023	2022
Purchases of goods:		
Subsidiaries		
FORMFLEX CHANGSHU	$ 1,759,339	$ 1,601,162
TECHFORM	412,270	525,660
SUNION	159,128	173,558
ZIYONG TAICANG	72,593	73,310
Others	-	3,735
Other related party	774	6,318
Purchases of services (recorded as'selling expenses'):		
Subsidiaries		
F.H.A	67,498	58,356
	$ 2,471,602	$ 2,442,099

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

	December 31, 2023	December 31, 2022
Accounts receivable:		
Subsidiaries		
F.H.A	$ 611	$ 5,985
Others	426	660
	1,037	6,645
Other receivables:		
Subsidiaries		
FORTRESS INDUSTRIAL	961	627
Others	212	144
	1,173	771
	$ 2,210	$ 7,416

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

	December 31, 2023	December 31, 2022
Accounts payable:		
Subsidiaries		
FORMFLEX CHANGSHU	$ 437,269	$ 288,044
TECHFORM	33,537	40,753
SUNION	6,467	17,678
Others	5,747	5,339
	483,020	351,814
Other payables:		
Subsidiaries		
F.H.A	28,899	13,616
FORMFLEX CHANGSHU	563	15,821
Others	942	496
	30,404	29,933
	$ 513,424	$ 381,747

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, 2023 and 2022, the Company donated cash amounting to $8,911 and $8,680, 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,	
	2023	2022
Salaries and other short-term employee benefits	$ 88,014	$ 75,752
Post-employment benefits	333	664
	$ 88,347	$ 76,416

8. PLEDGED ASSETS

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

Pledged asset	December 31, 2023	December 31, 2022	Purpose
Restricted bank deposits (recorded as'Current financial assets at amortised cost, net')	$ 5,835	$ 5,835	Guarantee for derivative financial products

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Facilities of the letters of credit issued but unused:

	December 31, 2023	December 31, 2022
Importing raw materials and equipment	$ 25,489	$ 30,000

B. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 14,366	$ 113,772

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On March 6, 2024, the Board of Directors of the Company resolved the following items, details of the appropriation of earnings for 2023 are provided in Note 6(14).

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:

	December 31, 2023	December 31, 2022
Debt ratio	27%	27%

(1) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 840,445	$ 136,718
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 465,172	$ 498,594
Financial assets at amortised cost/		
Loans and receivables		
Cash and cash equivalents	$ 561,344	$ 925,229
Financial assets at amortised cost - current	11,935	41,582
Notes receivable	24,646	23,194
Accounts receivable (induding related parties)	1,278,513	1,052,384
Other receivables - related parties	1,173	771
Other financial assets (current and non-current)	41,934	12,370
	$ 1,919,545	$ 2,055,530
Financial liabilities		
Financial liabilities at amortised cost		
Accounts payable (induding related parties)	$ 818,342	$ 658,744
Other accounts payable (induding related parties)	480,311	534,694
	$ 1,298,653	$ 1,193,438
Lease liabilities	$ 42,042	$ 44,852

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, 2023		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 54,625	30.71	$ 1,677,534
RMB:NTD	4,256	4.32	18,386
AUD:NTD	930	20.98	19,511
Non-monetary items			
Investments accounted for under the equity method			
USD:NTD	51,076	30.71	1,561,627
THB:NTD	359,705	0.90	323,735
Financial liabilities			
Monetary items			
USD:NTD	20,137	30.71	618,407
RMB:NTD	4,334	4.32	18,723

	December 31, 2022		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 52,972	30.71	$ 1,626,770
RMB:NTD	21,532	4.42	95,171
AUD:NTD	747	20.83	15,560
Non-monetary items			
Investments accounted for under the equity method			
USD:NTD	59,706	30.71	1,848,296
Financial liabilities			
Monetary items			
USD:NTD	14,387	30.71	441,825
RMB:NTD	6,621	4.42	29,265

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, 2023 and 2022, amounted to $7,829 and $147,619, respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	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)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 16,775	$ -
RMB:NTD	1%	184	-
AUD:NTD	1%	195	-
Non-monetary items			
Investments accounted for under the equity method			
USD:NTD	1%	-	15,616
THB:NTD	1%	-	3,237
Financial liabilities			
Monetary items			
USD:NTD	1%	6,184	-
RMB:NTD	1%	187	-

	For the year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 16,268	$ -
RMB:NTD	1%	952	-
AUD:NTD	1%	156	-
Non-monetary items			
Investments accounted for under the equity method			
USD:NTD	1%	-	18,483
Financial liabilities			
Monetary items			
USD:NTD	1%	4,418	-
RMB:NTD	1%	293	-

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, 2023 and 2022 would have increased/decreased by $42,022 and $6,836, 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 $23,259 and $24,930, respectively, as a result of other comprehensive income classified as equity investment 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, 2023 and 2022, 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 0.4% and 0.1%, of total receivables.

vi. As of December 31, 2023 and 2022, notes and accounts receivable from the Company's top 2 customers constituted 76% and 78% 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:

	2023	2022
At January 1	$ 638	$ 1,659
Provision for impairment	823	-
Reversal of impairment	-	(1,021)
At December 31	$ 1,461	$ 638

For provisioned loss in 2023 and 2022, the impairment gains arising from customer contracts are ($823) and $1,021, 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, 2023			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Accounts payable (induding related parties)	$ 818,342	$ -	$ -	$ -
Other payables (induding related parties)	480,311	-	-	-
Lease liability	3,412	3,412	10,238	32,108
	$1,302,065	$ 3,412	$ 10,238	$ 32,108

Derivative financial liabilities:None

	December 31, 2022			
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Accounts payable (induding related parties)	$ 658,744	$ -	$ -	$ -
Other payables (induding related parties)	534,694	-	-	-
Lease liability	3,413	3,413	10,238	35,650
	$1,196,851	$ 3,413	$ 10,238	$ 35,650

Derivative financial liabilities:None

(2) 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 Company'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. The fair value of the Company's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in certain derivative instruments, equity investment without active market and investment property 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:

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
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	436,850	-	28,322	465,172
	$ 1,277,295	$ -	$ 28,322	$ 1,305,617

Liabilities: None

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity security	$ 136,718	$ -	$ -	$ 136,718
Financial assets at fair value through other comprehensive income				
Equity security	470,272	-	28,322	498,594
	$ 606,990	$ -	$ 28,322	$ 635,312

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:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

D. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

	2023	2022
	Equity securities	Equity securities
At January 1	$ 28,322	$ 31,822
Recorded as unrealised (losses) gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	-	(3,500)
At December 31	$ 28,322	$ 28,322

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

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. 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.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 4.

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

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

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Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Formflex Metal Industrial (Changshu) Co., Ltd.	Arctek Security Technologies (Shanghai) Co., Ltd.	Other receivabes-related parties	Y	$ 138,640	$ -	$ -	2.00	Note 1(2)	-	Operating turnover	$ -	None	$ -	$ 191,259	$ 286,888	Note 2 and 3

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.

(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.

Note 3: On July 7, 2023, the Board of Directors of Formflex Metal Industrial (Changshu) Co., Ltd. resolved to transfer the loans granted to Arctek Security Technologies (Shanghai) Co., Ltd. into an investment in Arctek Security Technologies (Shanghai) Co., Ltd., which amounting to RMB 16 million (approximately $68,144). The related procedures were completed on September 5, 2023.

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, 2023

Table 2

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
Taiwan Fu Hsing Industrial Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	None	Financial assets at fair value through profit or loss - current	15,503,695	$ 216,160	Note 2	$ 216,160	
	Beneficiary certificates - Capital Money Market Fund	None	Financial assets at fair value through profit or loss - current	12,562,183	208,368	Note 2	208,368	
	Beneficiary certificates - Union Money Market Fund	None	Financial assets at fair value through profit or loss - current	13,636,634	185,117	Note 2	185,117	
	Beneficiary certificates - Fubon Chi-Hsiang Money Market Fund	None	Financial assets at fair value through profit or loss - current	11,440,590	184,232	Note 2	184,232	
	Beneficiary certificates - Yuanta/P-shares Taiwan Dividend Plus ETF	None	Financial assets at fair value through profit or loss - current	500,000	18,700	Note 2	18,700	
	Stocks - Pegatron Corporation	None	Financial assets at fair value through profit or loss - current	66,000	5,762	Note 2	5,762	
	Stocks - Huaku Development Co., Ltd.	None	Financial assets at fair value through profit or loss - current	50,000	4,815	Note 2	4,815	
	Stocks - Formosa Advanced Technologies Co., Ltd.	None	Financial assets at fair value through profit or loss - current	110,000	4,290	Note 2	4,290	
	Stocks - Chipbond Technolgy Corporation	None	Financial assets at fair value through profit or loss - current	50,000	3,615	Note 2	3,615	
	Stocks - Chicony Electronics Co., Ltd.	None	Financial assets at fair value through profit or loss - current	15,000	2,625	Note 2	2,625	
	Stocks - ITE Tech. Inc.	None	Financial assets at fair value through profit or loss - current	15,000	2,258	Note 2	2,258	
	Stocks - Hiyes International Co., Ltd.	None	Financial assets at fair value through profit or loss - current	24,200	2,255	Note 2	2,255	
	Stocks - Dynapack International Technolgy Corporation	None	Financial assets at fair value through profit or loss - current	25,000	2,248	Note 2	2,248	
	Stocks - Fine Blanking & Tool Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,552,867	272,659	9.98	272,659	
	Stocks - Advanced International Multitech Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,115,000	81,172	Note 2	81,172	
	Stocks - Excelsior Medical Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	385,875	34,111	Note 2	34,111	
	Stocks - Min Aik Precision Industrial Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,077,000	32,310	Note 2	32,310	
	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	13,633	Note 2	13,633	
	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 - Launch Technologies Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	50,000	2,965	Note 2	2,965	
	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 - Hwa Nan Co., Ltd.	Note 1	Financial assets at fair value through other comprehensive income - non-current	85,891	-	15.85	-	
	Stocks - Ofis International Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	720,000	-	Note 2	-	
	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, 2023

Table 3

Expressed in thousands of NTD

Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Balance as at January 1, 2023		Addition		Disposal				Balance as at December 31, 2023	
					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 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	6,974,362	$ 96,000	31,825,248	$ 440,000	23,295,915	$ 322,174	$ 321,000	$ 1,174	15,503,695	$ 215,000
	Beneficiary certificates - Capital Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	48,704,863	803,000	36,142,680	596,888	595,000	1,888	12,562,183	208,000
	Beneficiary certificates - Union Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	61,743,586	834,000	48,106,952	650,051	649,000	1,051	13,636,634	185,000
	Beneficiary certificates - Fubon Chi-Hsiang Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	56,783,515	910,000	45,342,925	726,620	726,000	620	11,440,590	184,000
	Beneficiary certificates - Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	25,341,972	391,000	25,341,972	391,283	391,000	283	-	-
	Beneficiary certificates - Taishin Ta-Chong Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	23,856,862	346,000	23,856,862	346,187	346,000	187	-	-
Fortress Industrial Co., Ltd.	Beneficiary certificates - Taishin 1699 Money Market Fund	Financial assets at fair value through profit or loss - current	-	-	-	-	39,746,489	549,500	39,746,489	549,912	549,500	412	-	-

Company Name

Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Real estate acquired by	Real estate acquired	Date of the event	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
Fu Sing Industrial (Thailand) Co., Ltd.	Plant	2023.6.27 (Note)	$ 349,373	$ 266,530	POJANA INDUSTRIAL PARK PUBLIC CO., LTD.	A non-related pary	-	-	-	$ -	Negotiated and by reference to the appraisal report	Plant construction needs	

Note :FU SING INDUSTRIAL (THAILAND) CO., LTD. On June 27, 2023, the 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 in accordance with the the contract stipulates payment of a price.

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, 2023

Table 5

Expressed in thousands of NTD

			Transaction				Differences in transaction terms compared to thrid party transations		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Taiwan Fu Hsing Indurstrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	Indirectly-owned subsidiary	Purchases	$ 1,759,339	37	Agreement	Note	Note	($ 437,269)	(53)	
	Techform Industrial Co., Ltd.	Subsidiary	Purchases	412,270	9	Agreement	Note	Note	(33,537)	(4)	
	Sunion Technology Co., Ltd.	Subsidiary	Purchases	159,128	3	Agreement	Note	Note	(6,467)	(1)	
Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	Affiliated company	Purchases	220,879	22	Agreement	Note	Note	(41,875)	(17)	
Formflex Metal Industrial (Changshu) Co., Ltd.	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(1,759,339)	(100)	Agreement	Note	Note	437,269	99	
Techform Industrial Co., Ltd.	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(412,270)	(53)	Agreement	Note	Note	33,537	25	
Sunion Technology Co., Ltd.	Taiwan Fu Hsing Indurstrial Co., Ltd.	Parent company	(Sales)	(159,128)	(92)	Agreement	Note	Note	6,467	69	
Arctek Industrial Co., Ltd.	Fortress Industrial Co., Ltd.	Affiliated company	(Sales)	(220,879)	(66)	Agreement	Note	Note	41,875	61	

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, 2023

Table 6

Expressed in thousands of NTD

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	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	$ 437,269	4.85	$ -	-	$ 354,283	$ -

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Significant inter-company transactions during the reporting periods

Year ended December 31, 2023

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			
				General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Metal Industrial (Changshu) Co., Ltd.	1	Purchases	$ 1,759,339	Agreement	19.39%
		”	”	Accounts payable - related parties	437,269	Agreement	4.53%
		Techform Industrial Co., Ltd.	1	Purchases	412,270	Agreement	4.54%
		”	”	Accounts payable - related parties	33,537	Agreement	0.35%
		Sunion Technology Co., Ltd.	1	Purchases	159,128	Agreement	1.75%
		Ziyong Hardware Products (Taicang) Co., Ltd.	1	Purchases	72,593	Agreement	0.80%
		FU HSING AMERICAS INC.	1	Operating expenses	67,498	Agreement	0.74%
		”	”	Other payable - related parties	28,899	Agreement	0.30%
1	Fortress Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Purchases	220,879	Agreement	2.43%
		”	”	Accounts payable - related parties	41,875	Agreement	0.43%
		”	”	Service revenue	12,530	Agreement	0.14%
		Rui Sheng Industrial Co.,Ltd.	3	Purchases	11,304	Agreement	0.12%
		Arctek Security Technologies (Shanghai) Co., Ltd.	3	Sales	11,898	Agreement	0.13%
2	Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	3	Sales	13,560	Agreement	0.15%
		”	”	Purchases	18,329	Agreement	0.20%
3	Formflex Metal Industrial (Changshu) Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	3	Purchases	76,601	Agreement	0.84%
		”	”	Accounts payable - related parties	18,272	Agreement	0.19%
4	Rui Sheng Industrial Co., Ltd.	Arctek Industrial Co., Ltd.	3	Sales	33,246	Agreement	0.37%
		”	”	Accounts receivable - related parties	10,875	Agreement	0.11%

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, 2023

Table 8

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023	Investment income(loss) recognised by the Company for the year ended December 31, 2023	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Enterprise Co., Ltd.	SAMOA	Investment holdings	$ 741,744	$ 741,744	23,704,000	100.00	$ 1,001,691	$ 222,269	$ 222,693	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Techform Industrial Co., Ltd.	Taiwan	Processing of hardware products	800,000	800,000	80,000,000	100.00	818,607	28,496	28,714	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	790,579	110,176	110,213	Note 1
Taiwan Fu Hsing Industrial Co., Ltd.	Master United Investment Group Ltd.	British Virgin Islands	Investment holdings	337,175	538,240	930,000	100.00	382,787	(57,499)	(56,276)	Note 1 and 4
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	177,149	10,391	10,794	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	85,438	7,453	5,244	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	70,352	11,980	11,980	
Taiwan Fu Hsing Industrial Co., Ltd.	FU SING INDUSTRIAL (THAILAND) CO., LTD.	Thailand	Sales and manufacture of door locks and related accessories	320,190	-	74,999,955	99.99	323,735	(265)	(265)	Note 3
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	30,046	5,444	-	Note 2
Formflex Enterprise Co., Ltd.	Fortune Industrial Ltd.	SAMOA	Investment holdings	6,698	6,698	204,000	51.00	9,828	(3,125)	-	Note 2

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 investment income (loss) of the Company on the investees accounted for under the equity method.

Note 3: The investee was established and registered at the end of April 2023. The capital was invested in June 2023 and the capital verification was completed in July 2023.
In addition, the shareholder decided to increase the registered capital amounting to THB 250 million on November 17, 2023. As of now, the investee is still under the plant construction and operation preparation.

Note 4: On September 6, 2023, the Board of Directors of the Company resolved to reduce and return its capital in the investee amounting to USD 6.3 million The Company had recovered the investment amount on October 16, 2023.

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2023

Table 9

Expressed 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, 2023	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee as of December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	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	$ 222,812	100	$ 222,812	$ 956,295	$ 807,610	Note 2
Ziyong Hardware Products (Taicang) Co., Ltd.	Sales and manufacture of door locks and related accessories and furniture	297,447	(2)	520,957	-	201,065	319,892	(58,590)	100	(58,590)	381,853	435,021	Note 2、Note 5
Fortress door control product (Changshu) Co., Ltd.	Manufacturing of products related to door closers	-	(1)	90,750	-	61,980	28,770	2,384	100	2,384	-	-	Note 2、Note 6
ChangShu Fortune Packing Material Co., Ltd.	Sales and manufacture of packing materials and plastic	-	(2)	6,698	-	-	6,698	(134)	51	(68)	-	-	Note 2、Note 7
Arctek Security Technologies (Shanghai) Co., Ltd.	Sales and manufacture of transom closers and floor springs	74,763	(3)	-	-	-	-	2,675	100	2,675	15,554	-	Note 2、Note 8

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment 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.	$ 1,061,680	$ 1,061,680	$ 4,188,666	Note 3
Fortress Industrial Co., Ltd.	28,770	28,770	475,130	Note 4

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 indirect investment where the earnings of Ziyong Hardware Products (Taicang) Co., Ltd., the Company's investee in Mainland China, were used to invest in Arctek Security Technologies (Shanghai) Co., Ltd.

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: On June 12, 2023, the shareholder decided to reduce the registered capital amounting to USD 6.3 million in Ziyong Hardware Products (Taicang) Co., Ltd. The registration for the change was completed on July 31, 2023.
On October 16, 2023, the Company had recovered the investment amount amounting to USD 6.3 million through MASTER UNITED INVESTMENT GROUP LTD.

Note 6: 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 and remitted back the residual property amounting to USD 1,922 thousand.

Note 7: 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 and remitted the residual property amounting to USD 627 thousand to FORTUNE INDUSTRIAL LTD. As of now, the Company has not recovered the related investment amount.

Note 8: On March 8, 2023, the shareholders resolved to reduce capital to offset against accumulated deficits in Arctek Security Technologies (Shanghai) Co., Ltd., and the capital reduction was completed on May 30, 2023.
In addition, on July 7, 2023, the shareholder decided to increase the registered capital amounting to RMB 16 million, and completed the capital increase on August 10, 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, 2023

Table 10

Expressed in thousands of NTD

		Sale (purchase)		Property transaction		Accounts receivable (payable)		Other receivables		Provision of endorsements/guarantees or collaterals		Financing			
Purchaser/seller	Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2023	%	Amount	%	Balance at December 31, 2023	Purpose	Maximum balance during the year ended December 31, 2023	Balance at December 31, 2023	Interest rate	Interest during the year ended December 31, 2023
Taiwan Fu Hsing Industrial Co., Ltd.	Formflex Material Industrial (Changshu) Co., Ltd.	($ 1,759,339)	(37)	$ 4,676	36	($ 437,832)	(34)	$ 106	2	$ -	-	$ -	$ -	-	$ -
Taiwan Fu Hsing Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	(72,593)	(2)	-	-	(5,747)	(1)	-	-	-	-	-	-	-	-
Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	13,560	2	-	-	797	1	-	-	-	-	-	-	-	-
Techform Industrial Co., Ltd.	Ziyong Hardware Products (Taicang) Co., Ltd.	(18,329)	(4)	-	-	(3,436)	(8)	-	-	-	-	-	-	-	-
Fortress Industrial Co., Ltd.	Fortress Door Control Product (Changshu) Co., Ltd.	11,898	1	-	-	3,185	1	-	-						

Taiwan Fu Hsing Industrial Co., Ltd. And Subsidiaries

Major shareholders information

December 31, 2023

Table 11

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
HSBC Depository BNP Paribas Wealth Management (Singapore)	11,261,000	5.97%
Fu Chih Investment Development Co.,Ltd.	10,091,307	5.35%
Fiuding Investment Trust Co.,Ltd.	9,428,254	5.00%

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, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 1

Item	Description	Amount
Cash：		
Cash on hand and Petty cash		$ 405
Bank deposits	Demand deposits - NTD	8,657
	Demand deposits - USD (US $194 thousand, exchange rate 30.71)	5,944
	Demand deposits - RMB (RMB ￥52 thousand, exchange rate 4.327)	225
		14,826
Cash equivalents:		
Time deposits	Time deposits - NTD, continually maturing before January 2024, interest rate 1.10%～1.40%	126,000
	Time deposits - USD (USD $13,680 thousand ,exchange rate 30.71), continually maturing before January 2024, interest rate 4.30%～5.65%	420,113
		546,113
		$ 561,344

TAIWAN FU HSING INDUSTRIAL CO., LTD.

STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT

DECEMBER 31, 2023

(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 The Fair Value is Attributable to Change in The Credit Risk	Note
							Unit Price	Total Amount		
Beneficiary certificates:										
Taishin 1699 Money Market Fund	Money funds	15,503,695	Not applicable	$ 215,000	-	$ 215,000	13.94	$ 216,160	Not applicable	
Capital Money Market Fund	Money funds	12,562,183	Not applicable	208,000	-	208,000	16.59	208,368	Not applicable	
Union Money Market Fund	Money funds	13,636,634	Not applicable	185,000	-	185,000	13.57	185,117	Not applicable	
Fubon Chi-Hsiang Money Market Fund	Money funds	11,440,590	Not applicable	184,000	-	184,000	16.10	184,232	Not applicable	
Yuanta/P-shares Taiwan Dividend Plus ETF	Stock funds	500,000	Not applicable	14,275	-	14,275	37.40	18,700	Not applicable	
Listed (TSE and OTC) stocks:										
Pegatron Corporation	Listed stocks	66,000	Not applicable	4,877	-	4,877	87.30	5,762	Not applicable	
Huaku Development Co., Ltd.	Listed stocks	50,000	Not applicable	4,691	-	4,691	96.30	4,815	Not applicable	
Formosa Advanced Technologies Co., Ltd.	Listed stocks	110,000	Not applicable	4,602	-	4,602	39.00	4,290	Not applicable	
Chipbond Technolgy Corporation	OTC stocks	50,000	Not applicable	2,952	-	2,952	72.30	3,615	Not applicable	
Dynapack International Technolgy Corporation	OTC stocks	25,000	Not applicable	2,904	-	2,904	89.90	2,248	Not applicable	
Hiyes International Co., Ltd.	Listed stocks	24,200	Not applicable	1,989	-	1,989	93.20	2,255	Not applicable	
ITE Tech. Inc.	Listed stocks	15,000	Not applicable	1,643	-	1,643	150.50	2,258	Not applicable	
Chicony Electronics Co., Ltd.	Listed stocks	15,000	Not applicable	1,193	-	1,193	175.00	2,625	Not applicable	
						831,126				
Valuation adjustment of financial assets at fair value through profit or loss						9,319				
						$ 840,445				

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTISED COST -CURRENT
DECEMBER 31, 2023
(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 - foreign currency	US $190 thousand, exchange rate 30.71	4	$ 5,835	$ 5,835	3.85%～5.45%	$ 5,835	$ -	Secured pledge
	Maturity date: May 2024 ~ December 2024							
Time deposits - NTD	Maturity date: June 2024 ~ September 2024	2	6,100	6,100	1.53%	6,100	-	
						$ 11,935	$ -	

Please refer to Note 8 for details.

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 4

Client Name	Description	Amount	Note
Non-related parties:			
Customer C	Sales revenue	$ 728,796	
Customer B	Sales revenue	260,375	
Customer F	Sales revenue	85,974	
Others (balance of each client has not exceeded 5% of total account balance)	Sales revenue	203,792	
		1,278,937	
Less: Allowance for bad debts		(1,461)	
		$ 1,277,476	
Related parties:			
FU HSING AMERICAS INC.	Service revenue	$ 611	
Others (balance of each client has not exceeded 5% of total account balance)	Sales revenue	426	
		$ 1,037	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 5

Item	Description	Amount		Note
		Cost	Net Realisable Value	
Raw materials		$ 30,599	$ 28,634	The lower of cost and
Work in progress		198,827	198,890	net realisable value
Finished goods		168,050	205,606	
		397,476	$ 433,130	
Less: Allowance for inventory valuation and obsolete and slow-moving inventories		(60,560)		
		$ 336,916		

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OTHER CURRENT ASSETS, OTHERS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 6

Item	Description	Amount	Note
Receivables from business tax refund		$ 20,591	
Office supplies		16,931	
Others		7,823	
		$ 45,345	

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, 2023

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

Statement 7

Name	Beginning Balance		Addition		Decrease		Ending Balance		Accumulated impairment	Collateral	Note
	Shares	Fair Value	Shares	Amount	Shares	Amount	Shares	Fair Value			
Listed stocks:											
Fine Blanking & Tool Co., Ltd.	7,552,867	$ 290,030	-	$ -	-	($ 17,371)	7,552,867	$ 272,659	Not applicable	None	
Advanced International Multitech Co., Ltd.	1,115,000	105,814	-	-	-	(24,642)	1,115,000	81,172	〃	None	
Excelsior Medical Co., Ltd.	367,500	24,843	18,375	9,268	-	-	385,875	34,111	〃	None	
Min Aik Precision Industrial Co., Ltd.	1,077,000	32,310	-	-	-	-	1,077,000	32,310	〃	None	
King Chou Marine Technology Co., Ltd.	350,000	13,475	-	158	-	-	350,000	13,633	〃	None	
Launch Technology Co., Ltd.	50,000	3,800	-	-	-	(835)	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	
Nailermate Enterprise Corp.	39	-	-	-	-	-	39	-	〃	None	Preferred shares
Saint Pin Technology Co., Ltd.	251,835	-	-	-	-	-	251,835	-	〃	None	
Shing Bee Enterprise Co., Ltd.	511,928	-	-	-	-	-	511,928	-	〃	None	
Tsu Yung Enterprise Co., Ltd.	400,000	-	-	-	-	-	400,000	-	〃	None	
Ofis International Co., Ltd.	720,000	-	-	-	-	-	720,000	-	〃	None	
Hwa Nan Co., Ltd.	85,891	-	-	-	-	-	85,891	-	〃	None	
Map Technology Holdings Limited	7,853,941	-	-	-	-	-	7,853,941	-	〃	None	
Melten Connected Healthcare Inc.	1,111,111	-	-	-	-	-	1,111,111	-	〃	None	
		$ 498,594		$ 9,426		($ 42,848)		$ 465,172			

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(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	$ 983,215	-	$ 139,369	-	($ 120,893)	23,704,000	100.00%	$1,001,691	42	$ 1,005,509	None	
TECHFORM INDUSTRIAL CO., LTD.	80,000,000	789,893	-	28,714	-	-	80,000,000	100.00%	818,607	10	818,642	None	
FORTRESS INDUSTRIAL CO., LTD.	39,930,000	750,466	-	119,973	-	(79,860)	39,930,000	100.00%	790,579	20	791,884	None	
MASTER UNITED INVESTMENT	1,560,000	698,580	-	-	(630,000)	(292,123)	930,000	100.00%	406,457	412	382,962	None	
FU SING INDUSTRIAL (THAILAND) CO., LTD.	-	-	74,999,955	323,735	-	-	74,999,955	99.99%	323,735	4	323,735	None	
FU HSING AMERICAS INC.	300,000	166,501	-	10,648	-	-	300,000	100.00%	177,149	600	180,061	None	
ARCTEK INDUSTRIAL CO., LTD.	5,838	134,184	-	5,244	-	(8,757)	5,838	70%	130,671	14,640	85,470	None	
SUNION TECHNOLOGY CO., LTD.	4,100,000	58,372	1,400,000	11,980	-	-	5,500,000	100.00%	70,352	13	70,352	None	
		3,581,211		639,663		(501,633)			3,719,241		$ 3,658,615		
Accumulated impairment		(45,233)		-		(23,670)			(68,903)				
		$3,535,978		$ 639,663		($ 525,303)			$3,650,338				

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 9

Vendor name	Description	Amount	Note
Non-related parties:			
Tsu Yung Enterprise Co., Ltd.	Purchases and outsource	$ 43,824	
Litai Color Printing Enterprises Co., Ltd.	Purchases	23,329	
Others (balance of each vendor has not exceeded 5% of total account balance)	Purchases and outsource	268,169	
		$ 335,322	
Related parties:			
Formflex Metal Industrial (Changshu) Co., Ltd.	Purchases	$ 437,269	
Techform Industrial Co., Ltd.	Purchases and outsource	33,537	
Others (balance of each vendor has not exceeded 5% of total account balance)	Purchases	12,214	
		$ 483,020	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 10

Item	Volume	Amount	Note
Metalwork doors	42,369 thousand pieces	$ 6,791,492	
Less: Sales returns and discounts		(133,814)	
Net sales revenue		6,657,678	
Other service revenue		12,974	
		$ 6,670,652	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 11

Item	Amount		Note
	Subtotal	Total	
Beginning raw materials		$ 26,535	
Add: Raw materials purchased	$ 2,556,963		
Less: Raw materials reclassified as expenses, etc.	(320)	2,556,643	
Ending raw materials		(30,599)	
Raw materials used		2,552,579	
Direct labour		413,576	
Manufacturing expense		688,707	
Manufacturing cost		3,654,862	
Beginning work in progress		234,139	
Less: Work in progress reclassified as expenses		(6,076)	
Ending work in progress		(198,827)	
Cost of finished goods		3,684,098	
Beginning finished goods		281,695	
Less: Finished goods reclassified as expenses, etc.		(5,399)	
Ending finished goods		(168,050)	
Cost of goods sold from finished goods		3,792,344	
Cost of goods sold from purchase		1,683,211	
Cost of goods sold from molds		1,370	
Less:Allowance for inventory valuation and obsolete and slow-moving inventories		(20,465)	
Less: Revenue from sale of scraps		(93,023)	
		$ 5,363,437	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF MANUFACTURING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 12

Item	Description	Amount	Note
Processing fees		$ 283,055	
Indirect labor		135,182	
Repairs and maintenance expense		58,472	
Depreciation		54,961	
Utilities expense		41,087	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	115,950	
		$ 688,707	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 13

Item	Description	Amount	Note
Commissions expense		$ 68,768	
Wages and salaries		50,797	
Export expense		24,594	
Advertirsement expense		20,361	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	34,393	
		$ 198,913	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 14

Item	Description	Amount	Note
Wages and salaries		$ 130,424	
Depreciation		21,194	
Directors' remuneration		19,848	
Professional service fees		18,407	
Labour and health insurance fees		11,849	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	58,504	
		$ 260,226	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 15

Item	Description	Amount	Note
Wages and salaries		$ 64,100	
Research and development expenses		16,073	
Labour and health insurance fees		6,072	
Other expenses	Balance of individual accounts has not exceeded 5% of total account balance	17,924	
		$ 104,169	

TAIWAN FU HSING INDUSTRIAL CO., LTD.
STATEMENT OF FINANCE COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 16

Item	Description	Amount	Note
Interest expense		$ 819	

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, 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Statement 17

Function / Nature	Year ended December 31, 2023			Year ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expense	$ 582,120	$ 309,439	$ 891,559	$ 612,156	$ 309,250	$ 921,406
Wages and salaries	492,702	245,321	738,023	519,694	247,017	766,711
Labour and health insurance fees	49,627	21,897	71,524	51,047	21,748	72,795
Pension costs	19,430	7,429	26,859	20,914	7,597	28,511
Directors' remuneration	-	19,848	19,848	-	19,890	19,890
Other personnel expenses	20,361	14,944	35,305	20,501	12,998	33,499
Depreciation expense	54,961	24,099	79,060	51,621	10,538	62,159
Amortisation expense	-	1,136	1,136	1,257	1,052	2,309

Note:

A. As at December 31, 2023 and 2022, the Company had 1,183 and 1,262 employees, respectively, including both 7 non-employee directors.

B. (a) Average employee benefit expense for the years ended December 31, 2023 and 2022 was $741 and $718, respectively.

(b) Average employee salaries for the years ended December 31, 2023 and 2022 were $628 and $611, 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'.