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台灣福興工業股份有限公司

TAIWAN FU HSING INDUSTRIAL CO., LTD.



2024

ANNUAL REPORT

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Taiwan Fu Hsing Website: <http://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 recognition and support of Taiwan Fu Hsing. Looking back at the year of 2024, the global economic environment was full of challenges, especially in the major North American markets, where the continued high interest rate policy exerted pressure on the consumer market and slowed down market demand. However, the Company has always maintained a flexible and consumer-oriented business strategy, and has continued to promote product innovation and market expansion through stable team operations to ensure the Company's ability to grasp growth opportunities in the midst of the changes and further enhance its market competitiveness.

(I) Review the implementation of Business Plan

Taiwan Fu Hsing's consolidated operating sales in 2024 was NT\$8,039,380 thousand, a decrease of 11% from 2023; however, the gross margin increased about 1%, thanks to the depreciation of New Taiwan Dollars and Renminbi, weakened key metal price including stainless steel and iron, that offset the adverse effect of declined sales revenue. Other than that, strong US dollars at the end of 2024 increased foreign exchange gain, so the non-operating revenue and expenditures increased about 105%. In 2024, net income attributable to owners of the parent amounted to NT\$909,515 thousand, representing a decrease of approximately 4% from the previous year.

Unit: NT\$1000

Item	Amount in 2024	Amount in 2023	Increase/ Decrease in Amount
Sales revenue	\$8,039,380	\$9,073,439	-1,034,059
Operating costs	1,909,794	2,064,872	-155,078
Operating profits	956,944	1,146,812	-189,868
Non-Operation Revenue & Expenditures	266,162	129,899	136,263
Net income before tax	1,223,106	1,276,711	-53,605
Net income after tax	909,515	947,274	-37,759

(II) Review of Budget Implementation

Taiwan Fu Hsing did not disclose financial forecast for the year of 2024. Although the actual sales amount did not meet our target, the actual profit has reached the Company's internal budgeted goal.

(III) Analysis of Receipt, Expenditure, and Profitability

Item		2024	2023
Financial structure	Debt to Total Asset (%)	22.20	26.96
	Long Fund to Fixed Assets, Plants, and Facilities (%)	277.57	263.90
Business solvency	Current Ratio (%)	333.47	288.62
	Quick Ratio (%)	280.80	242.16
	Times Interest Earned	132.47	161.07
Profitability	Return on Assets(%)	9.49	10.12
	Return on Equity(%)	12.48	13.78
	Profit Margin (%)	11.31	10.44
	Basic EPS (NT\$1)	\$4.83	\$5.03

(IV) Research and Development

The Company always regards R&D and technological innovation as our core competitiveness. In the year of 2024, we invested substantial resources in computerization, diversification, and green innovation to develop products with more competitive strength.

1. The trend of Computerization (The E-trend): As the market for electronic locks continues to grow, a variety of overlapping features are being applied to electronic locks, and the trend enables electronic locks to move more towards consumer electronics and relying more on cloud-based platforms to provide intelligent software services. We have also invested in the development of our own cloud platform, which can be integrated with mainstream cloud systems such as Amazon and Google in the future, and we are committed to providing a smart lock experience with both security and convenience.

2. The trend of Diversification: In terms of design, we actively use new materials and processes and develop new shapes for better aesthetics, durability and protective properties. In terms of surface treatment, by sophisticated surface treatment technology, we provide a variety of appearance choices, including classic metal texture and modern matte coating, to create both fashionable and practical products to meet the style and needs of different consumers.

3. The trend of Green Innovation : Environmental awareness has become the mainstream of the market. We actively introduce recyclable and highly durable eco-materials, promote plastic-free packaging, and adopt low-carbon manufacturing technologies to reduce the environmental burden during the entire product life cycle and to fulfill our goal of sustainable development.

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

1. The construction of our new factory in Thailand

The construction of our new factory in Chon Buri Province, Thailand has begun, and the new factory is

expected to complete construction and start trail-testing in the fourth quarter in 2025. The new factory, after putting into operation, will significantly promote production capabilities and further enhance the competitiveness in market expansion.

2. Agilely adjust production strategy to cope with global tariff wars

There is growing uncertainties over tariff policies following intensified global trade frictions. We will adopt even more agile manufacturing model and make full use of advantages of our production sites around the world to reduce impacts of the tariff wars and ensure a stable supply chain, as well as optimize our cost structure.

3. Strengthen industrial safety management

The recent successive industrial safety incidents have aroused market concern over industrial safety. Taiwan Fu Hsing, for a long time, follows laws and regulations to carry out industrial safety management and even goes a step further to implement a comprehensive 6S management (sort, set in order, shine, standardize, sustain, safety), through even stricter inspectional mechanism to eliminate potential risks and ensure employees' safety and production stability.

4. Patent strategic layouts and innovative R&Ds

The external environment is full of challenges, but even so the Company still keeps expanding investments in R&D to maintain our leading strength in the industry. In 2024, we submitted a total of 62 patent applications in major manufacturing locations and markets, among which also included innovations in key manufacturing procedures that are able to effectively reduce production costs. In addition, we will actively expand the application of IoT technology in electronic locks with the expectation to enhance our market competitiveness in smart lock market.

This year, for rewarding our shareholders for their support of the Company, we have increased the amount of cash dividend to demonstrate our commitment in the Company's stable growth through a more specific shareholder return policy. Looking ahead, we will continue to optimize our operating performance to achieve mutual benefits and prosperity in corporate development, social responsibility, employee welfare, and customer relations. In the face of uncertainties in the global economy arising from the possible expansion of tariffs policy by the U.S., the Company will continue to response prudently and continue to strengthen its financial soundness and market competitiveness to ensure long-term stable growth.

Once again, we thank our shareholders for your trust and support, and we look forward to working with you for a brighter future.

Chairman: LIN, Jui-Chang

II. Corporate Governance Report

(1) 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 Feb. 28, 2025

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 concurrent ly	Manager who is a spouse or a relative within 2 nd 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 71~80 years old	May 26, 2023	3 Years	5/31/199 0	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 71-80 years	May 26, 2023	3 Years	2/24/199 3	675,132	0.36%	675,132	0.36%	6,940	-	-	-	Soochow University -	Note 3	-	-	-

			old												Accounting				
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	0	0%	775,191	0.41%	-	-	-	-	University of Technology Sydney-MBA	Note 4	Chairman Vice President Chief of Culture	Lin, Jui-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	0	0%	95,244	0.05%	-	-	-	-	National Sun Yat-Sen University - EMBA	Note 5	-	-	-
Director	Taiwan, R.O.C.	Fu Zhi Investment Development	-	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

		Co., Ltd.:																	
	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	0	0%	1,822,134	0.09%	1,290,045	0.07%	-	-	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	Note 8	-	-	-

															Program – Industrial Management				
Independent Director	Taiwan R.O.C.	Chang, Ling-Ling	Female 71-80 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 71-80 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/M BA	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, an independent director and meanwhile a committee member in the Remuneration Committee, Audit Committee, and Sustainable Development and Nomination Committee of SanFar Property, 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	13.98%
	Lin, Chao-Hung	63.26%
	Lin, Shao-Chien	14.83%
Fu Zhi Investment Development Co., Ltd.	Fu Xun Investment Co., Ltd.	45.52%
	Hong Cheng Investment Co., Ltd.	19.00%
	Lian Guang Investment Co., Ltd.	15.48%

* 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.	Lin, Jui-Chang	14.17%
	Chang, Jui-Pi	22.78%
	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-You	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	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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	<p>1. President of Taiwan Fu Hsing Group</p> <p>2. A board member in associated companies</p> <p>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.</p>	<p>1. The Director is the President of Taiwan Fu Hsing Group, and he serves as a board member in various associated companies.</p> <p>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%.</p> <p>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.</p> <p>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.</p> <p>5. The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.</p>	0
Lin, Tzu-Hsuan / Representative of Hong Cheng Investment Co., Ltd.	<p>1. Is the Vice President of the Company.</p> <p>2. A board member in associated companies</p> <p>3. Has experiences in commerce, door security and control, production and manufacturing, leadership and decision making, risk management, and international marketing</p>	<p>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.</p> <p>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%.</p> <p>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.</p> <p>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.</p> <p>5. The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.</p>	0

<p>Chu, Jung-He / Representative of Fu Zhi Investment Development Co., Ltd.</p>	<p>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</p>	<p>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-degree 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.</p>	<p>0</p>
<p>Michael A. Hoer / Representative of Fu Zhi Investment Development Co., Ltd.</p>	<p>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</p>	<p>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.</p>	<p>0</p>

<p>Lin, Wen-Hsing / Representative of Fu Yuan Investment Co., Ltd.</p>	<p>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</p>	<p>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. 2.The Director himself holds 1,822,134 shares of the Company’s outstanding shares; his shareholding percentage in the Company is 0.09%. His spouse holds 1,290,045 shares of the Company’s outstanding shares; her shareholding percentage in the Company is 0.07%. 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.</p>	<p>0</p>
<p>Liu, Ju-Shan / Representative of Fu Yuan Investment Co., Ltd.</p>	<p>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</p>	<p>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.</p>	<p>1</p>

Chang, Ling-Ling	<p>1.Is a committee member of the Company's Remuneration Committee and the convener of the Audit Committee</p> <p>2.Has CPA certificate, and is an accountant and the Director of Georgia CPAs Firm</p> <p>3.Is a board member in various public companies</p> <p>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</p> <p>5.Has experiences in financial accounting, commerce, management consulting, electronic technology, leadership and decision making, and risk management</p>	<p>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.</p> <p>2. The Director, the spouse, and 2nd-degree or closer relatives hold 0 shares of the Company's outstanding shares.</p> <p>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.</p> <p>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.</p> <p>5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.</p>	1
Chen, Yung-Chun	<p>1.Is a committee member of the Company's Remuneration Committee and Audit Committee</p> <p>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</p> <p>3.Has experiences in financial accounting, commerce, production and manufacturing, management consulting, electronic technology, leadership and decision making, and risk management</p>	<p>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.</p> <p>2. The Director, his spouse, and 2nd-degree or closer relatives hold 0 shares of the Company's outstanding shares.</p> <p>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.</p> <p>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.</p> <p>5.The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.</p>	0

Chuo, Yung-Fu	<p>1. Is a committee member in the Company's Remuneration Committee and Audit Committee</p> <p>2. The lead architect of the ZHUO YUNG FU Architect Firm, and the Chairman of the All May Development Group</p> <p>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</p>	<p>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.</p> <p>2. The Director, his spouse, and 2nd-degree or closer relatives hold 0 shares of the Company's outstanding shares.</p> <p>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.</p> <p>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.</p> <p>5. The Director himself does not have any of the circumstances stated in Article 30 of the Company Act.</p>	0
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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. At present, the number of female directors has not yet reached one-third of the total number of directors due to the characteristics of the industry, it is not easy to find talents in a short period of time; there is no gender or other special reasons for consideration. As for the measures to enhance the gender diversity of the directors in the future, we will proactively seek talents from governmental organizations, industries or academia before the re-election of the board of directors at the expiration of its term of office, so as to facilitate the enhancement of the effectiveness of the corporate governance and the implementation of the policy of diversification of the board of directors. The Company also welcomes nominations of outstanding candidates from all sectors.

- 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	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	71~80	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,	R.O	M			✓		✓				✓	✓		✓	✓	✓	

Yung-Fu /Independent Director	.C.																	
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2. Information on the President, Vice President, Director, and superintendents of all the Company's groups and branch units

Data Drawn on Feb. 28, 2025

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-	Male	1994/01/01	675,132	0.36%	6,940	0.003%	-	-	Soochow University - Accounting	Note	-	-	-
President of Business	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	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	None	-	-	-
Director	Taiwan, R.O.C.	Lin, Tzu- Yang	Male	10/01/2004	1,027,000	0.05%	-	-	-	-	University of New South Wales – Finance and	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- Tsun	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.	Yu, Ya- Ping	Female	01/01/2025	-	-	-	-	-	-	CTBC Business School / Financial ManagementI	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	-	-	-
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Note: Disclosure omitted if the person has concurrent position in other non-public companies.

(2) 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	Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus	The Company	All companies in the consolidated report			
Director	Chairman	Not e 5	-	-	-	-	17,300	17,300	246	246	17,546	17,546	11,464	13,071	--	-	21,560	-	21,560	-	50,570	52,177	None	
	Director	Not e 6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Director	Not e 7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Director	Not e 8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Director	Not e 9	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	Director	Not e 10	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
	Director	Not e 11	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		-
Independent Director	Independent Director	Not e 12	-	-	-	-	2,700	2,700	96	96	2,796	2,796	--	-	-	--	-	-	-	-	2,796	2,796	None	
	Independent Director	Not e 13	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.31%	0.31%		

	Independent Director	Note 14																						
	<p>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:</p> <p>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.</p> <p>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.</p>																							
	<p>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.</p>																							

*Please provide information separately for directors (general directors, not interdependent directors) and independent directors.

Note 1: Included travelling expense of \$342 thousand dollars.

Note 2: NIAT referred to the net earnings after tax of \$909,515 thousand dollars in 2024.

Note 3: Included assigned business car expense \$984 thousand dollars.

Note 4: Was a reserve account for retirement benefits in 2024, 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	Lin, Jui-Chang Chen, Chien-Kun	Hong Cheng Investment Co., Ltd.	Hong Cheng Investment Co., Ltd.

	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. 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.)	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.)	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		The Company	All Companies in the Financial Report	
								Cash Bonus	Stock Bonus	Cash Bonus	Stock Bonus			
President	Chen, Chien-Kun	22,092	23,699	154	154	1,416	1,416	32,407	-	32,407	-	56,069 6.16%	57,676 6.34%	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													
<p>Note 1: Was a reserve for retirement benefits in 2024, which was not yet paid. Note 2: Included assigned business car expense \$1,380 thousand dollars. Note 3: NIAT referred to the net earnings after tax of \$909,515 thousand dollars in 2024.</p>														

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 2024 / 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	-	40,002	40,002	4.40%
	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				
	Director	Lin, Tzu-Yang				
	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 \$909,515 thousand dollars in 2024.

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

Title	The proportion of the total amount of 2024 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 2023 remunerations paid to directors, supervisors, President and vice President of the Company and on the consolidated reports to the net profit after tax
Directors	6.05%	5.76%
Supervisors (note)	0.00%	0.00%
President & Vice President	6.34%	6.10%

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 board 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.

(3) Corporate governance practices

1. Information relating to the Operation of Board of Directors

In 2024, 5 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	5	0	100%	
Director	Chen, Chien-Kun	5	0	100%	
Director	Representative of Hong Cheng Investment Co., Ltd.: Lin, Tzu-Hsuan	5	0	100%	
Director	Representative of Fu Zhi Investment Development Co., Ltd.: Chu, Jung-He	5	0	100%	
Director	Representative of Fu Zhi Investment Development Co., Ltd.: Michael A.Hoer	5	0	100%	Through video conference *5
Director	Representative of Fu Yuan Investment Co., Ltd.: Lin, Wen-Hsing	5	0	100%	
Director	Representative of Fu Yuan Investment Co., Ltd.: Liu, Ju-Shan	5	0	100%	
Independent Director	Chang, Ling-Ling	5	0	100%	
Independent Director	Chen, Yung-Chun	5	0	100%	
Independent Director	Chuo, Yung-Fu	3	2	60%	

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 2024 (mm/dd/yyyy)	Important Resolution	Opinion of the Independent Directors	React to Independent Director's Opinions
1 st Meeting on 01/26/2024	To review 2024 operational plans and goals	Approved	Not Applicable
	To discuss the change of the head of Corporate Governance	Approved	Not Applicable
	To review "Total Remuneration Paid to Employees and to Directors in 2023"	Approved	Not Applicable
	To review "2023 Remuneration Paid to Managers and Employees"	Approved	Not Applicable
2 nd Meeting on 03/06/2024	To adopt the 2023 business report and financial statements	Approved	Not Applicable
	To resolve on the 2023 earnings distribution	Approved	Not Applicable
	To discuss on the appointment of certified public accountants	Approved	Not Applicable
	To discuss the proposal to remove the non-compete restriction imposed on the representative appointed by the Company's corporate director, Hong Cheng Investment Co., Ltd.	Approved	Not Applicable
3 rd Meeting on 05/03/2024	To discuss on 2024 budget	Approved	Not Applicable
	To discuss to recognize the 2024 Q1 Consolidated Financial Report	Approved	Not Applicable
	To discuss to amend partial articles of the Company's "Operating Procedures of Loaning Funds to Others"	Approved	Not Applicable
4 th Meeting on 08/09/2024	To discuss to recognize the 2024 Q2 Consolidated Financial Report	Approved	Not Applicable
	To discuss on "The Compilation of 2023 Sustainability Report"	Approved	Not Applicable
	To discuss on the proposal of loaning funds to subsidiary, FU SING INDUSTRIAL (THAILAND) CO., LTD. (hereinafter referred to as "Fu Sing Thailand")	Approved	Not Applicable
5 th Meeting on 11/08/2024	To discuss to recognize the 2024 Q3 Consolidated Financial Report	Approved	Not Applicable

	To discuss to establish the “Code of Practice on Sustainable Development”	Approved	Not Applicable
	To discuss the 2025 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 The Greater China Financial Development Association, the Accounting Research and Development Foundation, Taiwan Investor Relations Institute, TWSE, Taiwan Corporate Governance Association, and Global Views magazine to continuously obtain new knowledge and achieve better results in interactions and sharing. The total directors’ training hours in 2024 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	01/01/2024 ~ 12/31/2024	1. Assess the overall Board performance	Internal assessment	<ol style="list-style-type: none"> 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 	<ol style="list-style-type: none"> 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. 20th, 2025.
		2. Assess individual board member's performance		<ol style="list-style-type: none"> 1. The control on Company's goal and assignment 2. The awareness of director's responsibilities 3. The participation level in the Company's operation 4. The management and communication of internal relationship 5. Director's professionalism and continuing education 	<ol style="list-style-type: none"> 1. All members of the Board have completed the annual advance courses, shared the course experience, and communicated with other directors. 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. Therefore the overall assessment of performance is excellent. As required in the "Sustainable Development Action Plans for TWSE and TPEx listed companies", starting from 2025, if the number of seats held by directors of either gender on the Board of Directors has not reached one-third of the total number of seats, companies should disclose in the annual report regarding the specific reasons and provide specific plans to adopt measures to enhance gender diversity among directors, 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.

				6. Internal control	2. The evaluation results were reported to the Board of Directors on Jan. 20 th , 2025.
		3. Assess Remuneration Committee's performance		<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 1. The committee members discussed matters seriously, actively participated in the meeting. When reviewing the compensation and nomination of key executives, the relevant department heads were invited to attend the meeting to give explanations or answer questions in detail, and a resolution was formed through the discussion; therefore, the overall assessment result of the performance of the Remuneration Committee was excellent. 2. The assessment results were reported to the Board of Directors on Jan. 20th, 2025.
		4. Assess Audit Committee's performance		<ul style="list-style-type: none"> 5. Internal control 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 	<ul style="list-style-type: none"> 1. Currently, all the meetings are running smoothly, and the execution matters are adjusted according to the laws and the latest correspondence from the competent authority. At the same time, internal and external professionals are invited to make project reports, which served as references for the functional committees to formulate decisions, and therefore, the overall assessment results of the performance of the Audit Committee was excellent. 2. The assessment results were reported to the Board of Directors on Jan 20th, 2025.

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 2024, 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 2024. 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	3	2	60%	

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
2024 1 st meeting 1/26/2024	Report of 2023 operation results	✓	
	To acknowledge the operation of derivatives.	✓	
	The resolution result by the Audit Committee (Jan. 26, 2024): 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.		
2024 2 nd meeting 03/06/2024	To acknowledge the operation of derivatives.	✓	
	Discussion on the 2023 financial statements	✓	
	Discussion on the 2023 earnings distribution plan	✓	
	Discussion on the appointment of certifying accountants	✓	
	Discussion on the effectiveness of the 2023 internal control	✓	
	The resolution result by the Audit Committee (Mar. 6, 2024): Approved by all the members in the Audit Committee.		
2024 3 rd meeting 5/03/2024	To acknowledge the operation of derivatives.	✓	
	To discuss to amend partial articles of the Company’s “Operating Procedures of Loaning Funds to Others”	✓	
	Discussion on 2024 Q1 Consolidated report	✓	
	The resolution result by the Audit Committee (May 03, 2024): 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.		
2024 4 th meeting 8/09/2024	Discussion on 2024 Q2 Consolidated report.	✓	
	Discussion on loaning funds to subsidiary, FU SING INDUSTRIAL (THAILAND) CO., LTD.	✓	
	The resolution result by the Audit Committee (Aug. 09, 2024): 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.		
2024 5 th meeting 11/08/2024	To acknowledge the operation of derivatives	✓	
	Discussion on 2024 Q3 Consolidated report	✓	
	Discussion on the addition of internal control system and internal audit implementation rule to the Company’s “Management of Sustainable Information”.	✓	

Discussion of amendments to the main explanation of the Company's "Internal Control System" and to the detailed contents with regards to each work process of the "Internal Control System".	✓	
Discussion of partial amendments to the main explanation of the Company's "Internal Audit Implementation Rules".	✓	
Discussion on the 2025 Audit Plan	✓	
The resolution result by the Audit Committee (Nov. 8, 2024): 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
1/26/2024	Audit Committee	Independent Directors: Chang, Ling-Ling Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu And Audit Supervisor	Report: (1) The execution of 2023 Q4 audit matters (2) The follow-up results on the 2023 Q3 audit findings	No opinion
			Communication of the assessment methods for the effectiveness of the internal control system: (1)Effective determination factors for 2023 internal control system (2)The planning and progress of 2023 Internal Control's self-assessment	No Objections
3/06/2024	Audit Committee	Independent Directors: Chang, Ling-Ling Independent Director: Chen, Yung-Chun And Audit Supervisor	Report: The execution of audit works in January in 2024	No opinion
			Discussion: Assessment on the effectiveness of 2023 Internal Control as a basis for submitting the annual "internal control statement".	No Objections Passed
5/35/2024	Audit Committee	Independent Directors: Chang, Ling-Ling Independent Director: Chen, Yung-Chun And Audit Supervisor	Report: The execution of audit works from February to March 2024	No opinion
8/09/2024	Audit Committee	Independent Directors: Chang, Ling-Ling Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu And Audit Supervisor	Report: The execution of audit works from April to June in 2024	No opinion
11/08/2024	Audit Committee	Independent Directors: Chang, Ling-Ling Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu	Report: The execution of audit works from July to September in 2024	No opinion
			Discussion:	No Objections Passed

		And Audit Supervisor	<p>(1) To add internal control system and internal audit implementation rules to the Company's "The Management of Sustainability Information".</p> <p>(2) To partially amend the general explanation statements of the Company's "Internal Control System" and "Internal Audit Implementation Rules", as well as the goal and related measures for each work procedures.</p> <p>(3) To submit the 2025 Audit Plan</p>	
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f) Summary table of the communication between independent directors and the accountants:

Date	Character	Attendee	Content of Communication	Result
3/06/2024	Pre-meeting before the Board Meeting	Accountant Independent Director: Chang, Ling-Ling	Report: 1. Communication at the 2023 annual audit completion stage with the governance units	No opinion Passed
		Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu	2. 2023 important financial and operational matters	No opinion Passed
11/08/2024	Pre-meeting before the Board Meeting	Accountant Independent Director: Chang, Ling-Ling	Report: 1. Important interim financial and operational matters in 2024	No opinion Passed
		Independent Director: Chen, Yung-Chun Independent Director: Chuo, Yung-Fu	2. The communication with regards to 2024 annual audit plan's stages with governance units	No opinion Passed

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 <u>Assessments</u>	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence	
	Yes	No		<u>Summary & Explanation</u>
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?	✓		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.	No significant divergence
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?	✓		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.	

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence	
	Yes	No		Summary & Explanation
<p>C. Whether the company establishes and implements rules for risk management with affiliated companies and builds the firewall mechanism?</p> <p>D. Whether the company establishes internal regulations to prohibit insiders from utilizing un-disclosed information to purchase/sell securities?</p>	<p>✓</p> <p>✓</p>		<p>C. The company has already established related rules in the company's internal control system according to laws and regulations.</p> <p>D. The company has set up "Work Procedures to Handle Significant and Important Information" and regularly propagated precautions of insider transactions.</p>	
<p>3. Composition and duties of Board of Directors</p> <p>A. Does the board of directors formulate diversity policies and related specific management objectives, and truly implement them?</p>	<p>✓</p>		<p>A.</p> <p>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.</p> <p>2. The board members elected this term included</p> <ul style="list-style-type: none"> - 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; 	<p>No significant divergence</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
			<p>- good at electronic technology, risk management, and vision on international market: Lin, Jui-Chang, Chu, Jung-He, Michael A. Hoer, and Liu, Ju-Shan;</p> <p>- has made contribution to social care: Lin, Jui-Chang and Michael A. Hoer</p> <p>- 3 independent directors: good at financial and accounting affairs.</p> <p>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.</p> <p>4. Policies in relation to the diversity of the board members are disclosed on the Company's website.</p> <p>B. The company has not yet set up other similar kinds of functional committee, but such is under planning.</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
<p>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?</p> <p>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</p>	✓	✓	<p>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.</p> <p>D.</p> <ol style="list-style-type: none"> 1. According to the Company’s “rules, 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 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 5, 2025. <ol style="list-style-type: none"> (1) Obtain accountant’s independence statement (2) Review years of continuing implementation as a certifying accountant in the Company

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
<p>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?</p> <p>D. Whether the company periodically evaluates the independence of the company's certifying accountant?</p>	✓		
			<p>(3) Results are summarized through evaluating the independence and competency assessing table. The assessment items include:</p> <ul style="list-style-type: none"> ✓ 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? ✓ 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

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
			<p>in the No.10 of the “Norm of Professional Ethics of the Certified Public Accountant”?</p> <ul style="list-style-type: none"> ✓ 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? ✓ 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	✓		<p>The Company has assigned appropriate numbers of CG related personnel, and have sought for approval in the Board Meeting to appoint legal affair superintendent , Manager Shi Po-Yi, a qualified manager and has worked as a supervisor position in the legal affair sector in the 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</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
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...)?			<p>Shareholders' Meeting related affairs in accordance with laws and regulations.</p> <p>Issues executed by the governance superintendent in 2024 as below:</p> <p>A. Assisted independent directors and general directors to execute their duties, provided them with necessary information and arranged training sessions for directors:</p> <ul style="list-style-type: none"> 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 1/26/2024, 3/6/2024, 5/3/2024, 8/9/2024, 11/08/2024, and 11/18/2024 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 experiences. <p>B. Provided assistance in handling the procedures in the Board of Directors' Meeting and Shareholders' Meeting and evaluated resolution compliance issues:</p>

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
			<ul style="list-style-type: none"> 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. <p>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 obtain sufficient information to evaluate the Company's reasonable market value and maintain shareholder's right.</p> <p>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.</p> <p>E. Complete all the pre-meeting disclosures in relation to Shareholders' Meeting, compile meeting notification</p>

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			<p>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.</p> <p>Information regarding training sessions in 2024 as below:</p> <p>Attended the 2024 Corporate Governance Seminar, Head of Corporate Governance Compliance Practices, and Climate Risk Recognition Workshop and Net Zero Carbon Emission Promotion Seminar, that were organized by the Dept. of Accounting and Graduate School of Finance and Economics, National Cheng Kung University and the Chinese Corporate Governance Association, for a total of 18 training hours.</p>	
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				No significant

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
<p>A. Whether the company constructs a website and discloses information in relation to the company's financial and corporate governance?</p> <p>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...)</p> <p>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</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>A. The company has a company website (www.fuhsing.com.tw). Under the Investor Relations section, one can inquire about the company's financial, annual reports and share prices. Under the Products section, pictures of our products are also exhibited.</p> <p>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).</p> <p>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.</p>	divergence

List of Assessments	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	
before the regulated deadline?			
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...)	✓		<p>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.</p> <p>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.</p> <p>(1) The Company has established an e-filing work system to provide investors and interested parties with information that might affect their decision.</p> <p>(2) The Company's directors attend educational training from time to time.</p> <p>(3) Risk management policy and the implementation of risk measurement: Not applicable (this is for securities brokers).</p> <p>(4) Consumer protection or the implementation of customer policy: Not applicable (this is for securities brokers).</p> <p>(5) The company has purchased liability insurances for directors.</p>
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.)			

List of <u>Assessments</u>	Implementation Status		Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	
<p>To explain the improvements in 2024 based on the result of the most current year's corporate governance assessments as below:</p> <p>In line with the newly added and revised indicators released in 2024, the related promoting matters are as below:</p> <p>(1) As for corporate presentation meetings, in addition to holding two corporate presentation meetings, the Company also discloses the complete information of the meetings with audio and video links so that investors can obtain relevant information in an equal, timely and convenient manner.</p> <p>(2) In order to ensure that the Board of Directors performs its duties of reviewing, supervising and guiding the sustainability practices, the Company completed the filing on Aug. 31, in addition to discussing and approving the completed sustainability report at the Board of Directors' Meeting on Aug. 09.</p> <p>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.</p> <p>In January 2025, 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.</p>			

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

(1) Members of the Remuneration Committee

Identity (Note 1)	Name	Condition	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 11 Information on Directors (4) for related information	Please see page 11 Information on Directors (4) for related information	2
Independent Director	Chen, Yung-Chun		Please see page 11 Information on Directors (4) for related information	Please see page 11 Information on Directors (4) for related information	0
Independent Director	Chuo, Yung-Fu		Please see page 11 Information on Directors (4) for related information	Please see page 11 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, 2 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	2	0	100%	-
Member	Chen, Yung-Chun	2	0	100%	-
Member	Chuo, Yung-Fu	2	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 5 /3 rd Meeting (01/26/2024)	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 “2023 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 “2023 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 / 4 th Meeting (08/09/2024)	Review of the 2023 remuneration pad to newly appointed Director, Lin Tzu-Yang.	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
	Review of the proposed motion on structural and monetary adjustment of the remuneration of managers	Approved by all committee members	Proposed in the Board Meeting and approved by all the presenting directors
	Review of the 2024 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 <u>Assessments</u>	Implementation Status (<u>Note 1</u>)			Divergence from the regulated Best Practices and
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	Reasons of the Divergence
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 in December 2013, and the committee was renamed as Sustainability Committee in 2022. 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 program book and 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.	No significant divergence

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>The promotion and execution results of the related polices are resolved in the Board Meeting. Each year, the Committee reports the achievement of sustainability development and its future strategy to the Board at least once per year.</p> <p>In 2024, the execution results and plan have been reported to the Board on November 8th with the motions including 1) summary of the Sustainability Committee meeting in 2024; 2) the ESG promotion focus in 2024, and 3) 2024 work report by the Risk Management Team, and 4) Report of 2024 Risk of Information Securities.</p> <p>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 indicated directions for improvement.</p>	
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)	✓		<p>This disclosure covers the sustainable development performance of the Company's main bases from January to December 2024, and the risk assessment boundary is mainly based on the company's operations.</p> <p>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</p>	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)	
			<p>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 to its production, human resources, and R&D directions, and further make according managerial policies.</p> <p>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.</p> <ul style="list-style-type: none"> ● 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 	
<p>3. Environment Related Topics</p> <p>(1) Whether the Company establishes a proper environment management system based on the industry characteristics?</p>	✓		<p>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 based on ISO14064-1:2018 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. 13, 2024 to Nov. 08, 2027.</p>	No significant divergence
<p>(2) Whether the Company devotes to enhancing energy utilization</p>	✓		The Company actively promotes various energy reduction measures, reduces	No significant divergence

List of <u>Assessments</u>	Implementation Status (<u>Note 1</u>)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
efficiency and adopts the use of recyclable materials that have lower impact to the environment? (Environmental Safety and Hygiene, Procurement)			<p>the energy consumption of enterprises and products, and optimizes the efficiency of energy use.</p> <p>The total electricity consumption in 2024 was 42,674,400 MJ. The overall electricity consumption decreased 9.09%, while the unit electricity consumption decreased 8.1%. The total amount of recycled water was 2,742 tons, increased by 1.5% 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, the Company renewed 66 sets of LED lighting fixtures in the production area and replaced 28 sets of grinding equipment motors with energy-saving IE3 explosion-proof motors, which saved 470,545 MJ of electricity and resulted in an energy-saving rate of more than 1.09% in 2024, which effectively enhanced the efficiency of energy use.</p> <p>In addition to the enhancement of electricity use efficiency as mentioned above, 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</p>	

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			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, and is now inventing 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 in 2024 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	✓		[The Management of GHG] The Company realizes its commitment to sustainable development of the	No significant divergence

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence															
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>																
total wastage, and establishes policies to reduce greenhouse gas emission, water use, and other similar kinds of wastes?			<p>environment. In accordance with the requirement of ISO 14064-1:2018 standard guidelines, the Company uses the “Operational Control Method”, and in accordance with the principles of the Ministry of the Environment’s Greenhouse Gas Inventory and Registration Management, to investigate the GHG inventory, which includes direct emission (scope 1), indirect emissions from energy sources (scope 2), and other indirect emissions (scope 3 to 4). The 2023 investigation statistics were completed in July 2024, and in September 2024 the data had been assured by 3rd party institution and was disclosed in the Company’s Sustainability Report and the Company’s website.</p> <p><u>The GHG Emission in the past 2 years:</u> (Note: the inventory data covers only Taiwan Fu Hsing’s factory site and does not include its subsidiaries.)</p> <p style="text-align: right;">Unit: tons CO₂e</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>417.2326</td> <td>320.8274</td> </tr> <tr> <td>Scope 2</td> <td>6,388.8660</td> <td>6,441.5624</td> </tr> <tr> <td>Scope 3~4</td> <td>4,947.8058</td> <td>41,937.6389</td> </tr> <tr> <td>Emission per product unit (kgCO₂e/m²)</td> <td>0.0004151</td> <td>0.0020994</td> </tr> </tbody> </table>		2022	2023	Scope 1	417.2326	320.8274	Scope 2	6,388.8660	6,441.5624	Scope 3~4	4,947.8058	41,937.6389	Emission per product unit (kgCO ₂ e/m ²)	0.0004151	0.0020994	
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List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			<p>The base year was changed from 2021 to 2023, and the inventory area was expanded from the previous year's "upstream and downstream transportation and distribution" and "purchased goods emissions" by taking the top 5 companies as the cutoff to the top 80% of suppliers in terms of purchasing amount in 2023 as the inventory investigation area. The carbon reduction target is to reduce emissions by 1% per year by promoting energy control measures in factories to achieve the reduction target.</p> <p>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.</p> <p>[The Management of Water Consumption]</p> <p>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.</p>	

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence															
	Yes	No	Summary & Explanation (Note 2)																
			<p>The water consumption data in the past 2 years:</p> <p style="text-align: right;">Unit: Liter</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Year</th> <th style="width: 40%;">Total water Consumption</th> <th style="width: 45%;">Water Use per Unit Product (Liter/PCS)</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>45,180,000</td> <td>1.95</td> </tr> <tr> <td>2024</td> <td>49,029,000</td> <td>2.14</td> </tr> </tbody> </table> <p>In 2024, the total reclaimed water volume of the whole plant was 2,742 metric tons, an increase of 1.5% compared with the results in the base year 2019 (2,702 metric tons). The goal was successfully met.</p> <p>[Waste Management]</p> <p>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 2024, the Company have obtained the ISO14001 environmental management system verification.</p> <p>The waste production in the past 2 years:</p> <p style="text-align: right;">Unit: Metric Tons</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Year</th> <th style="width: 40%;">General business waste</th> <th style="width: 45%;">Hazardous waste</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Year	Total water Consumption	Water Use per Unit Product (Liter/PCS)	2023	45,180,000	1.95	2024	49,029,000	2.14	Year	General business waste	Hazardous waste				
Year	Total water Consumption	Water Use per Unit Product (Liter/PCS)																	
2023	45,180,000	1.95																	
2024	49,029,000	2.14																	
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List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence						
	Yes	No	Summary & Explanation (Note 2)							
			<table border="1"> <tr> <td>2023</td> <td>161.96</td> <td>18.45</td> </tr> <tr> <td>2024</td> <td>134.25</td> <td>15.09</td> </tr> </table> <p>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 2024 was 149.34 metric tons, far below the 1,060 tons permitted for environmental protection purpose. We have entrusted legitimate factories to dispose 100% of the waste in the entire plant.</p>	2023	161.96	18.45	2024	134.25	15.09	
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2024	134.25	15.09								
<p>4. Social Issues</p> <p>(1) Whether the Company makes related management policy and procedures according to related laws and International Bill of Human Rights?</p>	✓		<p>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</p> <p>The company's human rights management policies and specific plans are summarized as follows:</p> <table border="1"> <tr> <td>Human Right Management Policy</td> <td>Specific Plans</td> </tr> <tr> <td>Provide a safe workplace</td> <td>•Regularly monitors labor work environment, carries out safety and health inspections, and truly</td> </tr> </table>	Human Right Management Policy	Specific Plans	Provide a safe workplace	•Regularly monitors labor work environment, carries out safety and health inspections, and truly	No significant divergence		
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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>environment</p> <ul style="list-style-type: none"> 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 operation standards according to the government's epidemic prevention management measures 	
		<p>Eliminate unlawful discrimination and ensure equal job opportunities</p> <ul style="list-style-type: none"> • 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 		

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			<table border="1"> <tr> <td>Prohibit workplace sexual harassment</td> <td> <ul style="list-style-type: none"> 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 Set up a sexual harassment complaint window/independent review mechanism </td> </tr> <tr> <td>Prohibit forced labor</td> <td> <ul style="list-style-type: none"> 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 </td> </tr> <tr> <td>Improve employees' physical and mental development and enhance work-life balance</td> <td> <ul style="list-style-type: none"> 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 </td> </tr> </table>	Prohibit workplace sexual harassment	<ul style="list-style-type: none"> 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 Set up a sexual harassment complaint window/independent review mechanism 	Prohibit forced labor	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 	
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In 2024, the Company implemented human rights protection-related education										

List of <u>Assessments</u>	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation (Note 2)	
			and training for colleagues, with a total of 1,199.5 hours and a total of 1,090 colleagues (1,163 attendance) completing the training, and the 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 2022-2024), the average salary increase rate has reached nearly 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]	No significant divergence

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>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 earnings 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</p> <p>[Workplace Diversification And Equity]</p> <p>The Company attaches great importance to gender equality, and men and women have equal pay for equal work and equal promotion opportunities. In 2024, the proportion of male and female workers in the Company was 46% and 54%, nearly 1:1, and 34% 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.</p> <p>In terms of nationality background, 18% 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.</p>	

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>[Vacation]</p> <p>On the basis of two days off on weekends, the company provides paid leave 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.</p> <p>[Other Benefits]</p> <p>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:</p> <p><u>WOHAE</u> (work-style of health and enjoyment)</p> <p>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.</p>	

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>2. Various subsidies: subsidies for birthday, major festivals, on-job training, wedding and funeral, etc..</p> <p>3. Staff Lounge: staff lounge is provided for employee to rest and recharge.</p> <p><u>Healthy and Happy</u></p> <p>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.</p> <p>2. Medical rescue and services: In 2024, there were a total of 253 medical consulting services provided by factory doctor.</p> <p>3. Employee support program: employ professional financial, legal and medical personnel to assist employees in dealing with health, psychological or family problems.</p> <p>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.</p> <p><u>FOHAE (Family-style of health and enjoyment)</u></p> <p>1. Maternity protection plan: There is a maternity protection plan guidebook to ensure the physical and mental health of pregnant, postpartum, and breastfeeding female colleagues, and to achieve the purpose of maternal health</p>	

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>protection. In 2024, 17 colleagues received the support of maternity protection plan.</p> <p>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 2024, 17 colleagues applied for parental leave and 16 colleagues applied for special parking spaces reserved for mother and children.</p> <p>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 2024, 115 colleagues applied for the subsidy with a total of 489,231 dollars grant, benefiting 170 children.</p> <p>4. Company tour and family day: regularly organize company tour, family day and other fun activities for employees and families</p> <p>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.</p> <p>6. Special store discounts: Sign contracts with high-quality stores in the neighborhood of Gangshan to provide employees with relevant preferential discounts, meanwhile, employees are able to enjoy employee discount while</p>	

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>purchasing locks.</p> <p>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.</p>	
(3) Whether the Company provides a safe and healthy work environment to employees, and regularly holds employee's safety and health education training?	✓		<p>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.</p> <p>In 2024, there was no incidents that caused permanent injury or repercussions to any personnel. In the whole year, there were 8 work-related accidents involving 8 people, accounting for 0.7% of the total number of employees at the end of 2024. 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 2025, strengthen traffic safety publicity to improve the driving safety of colleagues and avoid</p>	No significant divergence

List of Assessments	Implementation Status (Note 1)			Divergence from the regulated Best Practices and Reasons of the Divergence												
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			<p>similar incidents from happening again.</p> <p>The statistics of work accidents in 2024:</p> <table border="1"> <thead> <tr> <th></th> <th>Workplace accidents</th> <th>Traffic accidents</th> </tr> </thead> <tbody> <tr> <td>No. of accidents (person)</td> <td>8</td> <td>24</td> </tr> <tr> <td>Lost Work Hour</td> <td>879</td> <td>4762</td> </tr> <tr> <td>percentage of the total number of employees</td> <td>0.7%</td> <td>2.1%</td> </tr> </tbody> </table> <p>The related projects carried out in 2024:</p> <p>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.</p> <p>2. Inspection system on employee's safety and health: Quarterly safety and health inspections are carried out, and deficiency, if found, is immediately sent to the relevant and responsible unit, which is requested for improvement response, and, meanwhile, will be reported to Occupational Safety and Health Committee, which is combined with the unit's annual performance to achieve vigilance and implement continuous improvements. There were 131</p>		Workplace accidents	Traffic accidents	No. of accidents (person)	8	24	Lost Work Hour	879	4762	percentage of the total number of employees	0.7%	2.1%	
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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>deficiencies in 2024, and all have been improved</p> <p>3. Project improvement: Plans implemented including "increase work-safety audit frequency", "optimization of machine acceptance process", "improvement of problems after safety inspection conducted by experts of Safety and Health Center in Gangshan plant" in order to reduce the Company's work-injury risks. After such implementation, no similar work-related injuries have occurred.</p> <p>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 2024, there were 232 employees accepted physical examination, 230 for special physical examination, and the completion rate was 100%.</p> <p>In addition, the Company regularly conducts annual education and training for new employees, as well as holds advanced education and training in accordance with the Occupational Safety and Health Act.</p> <p>A total of 25 training courses were held in 2024, with a completion rate of 100%. The sessions are as follows:</p>	

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	On-the-job education and training (including human factors engineering promotion) (5 sessions)	1,090																
(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	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)	
			<p>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</p> <p>[Annual training practice]</p> <p>A total of 1,241 people have completed regular education and training in 2024. 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 9,736.5 hours, and the average training hours per person is 7.8 hours.</p> <p>[Establishment of a self-learning mechanism]</p> <p>In order to drive the transformation of organizational culture, with the goal of "autonomous learning", we developed personalized learning paths to help talents realize themselves and connect learning results with work results to achieve organizational goals. In 2024, 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.</p>	

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p>[Development of various learning modes]</p> <p>Provide employees with diversified learning options through various training channels and resources, including self-awareness and resilience workshops, to build up the mental toughness and resilience of section to departmental supervisors in order to lead the positive growth of the unit and foster organizational resilience and innovation. Implement inclusive training and planning for all staff to participate in a series of workplace psychology seminars to cultivate self-awareness and promote personal growth and development. Female supervisor at or above the team level participate in the “Diversity and Inclusion Group Workshop” to cultivate diverse perspectives and plan a special issue of the TOFU Magazine in conjunction with current issues for real-time communication and sharing of new knowledge.</p>	
<p>(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?</p>	✓		<p>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 follows. For further information, please refer to the Company's Sustainability Report.</p> <p><u>Taiwan</u></p>	No significant divergence

List of <u>Assessments</u>	Implementation Status (<u>Note 1</u>)			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<ul style="list-style-type: none"> ● 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. <p><u>Europe</u></p> <ul style="list-style-type: none"> ● 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. <p><u>North America</u></p> <ul style="list-style-type: none"> ● 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 ● 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 	

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			<p>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.</p> <ul style="list-style-type: none"> ● The newly developed G2 commercial horizontal lock meets the barrier-free design standards of the ADA (Disabled Persons Act). <p>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 2024, there was verified 0 confirmed incidents of information leakage, theft or loss of customer data.</p> <p>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, etc., to accept and handle customer complaints. In 2024, the number of complaints from the outside and being confirmed by the organization was zero.</p>	
(6) Whether the company formulates a supplier management policy,	✓		Through the close cooperation of procurement, technology and quality	No significant divergence

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
requiring suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?			<p>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.</p> <p><u>Supplier audit</u></p> <p>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 2024, a total of 9 supplier social and environmental audits were carried out, and the assessment results all met the required standards.</p> <p><u>New Supplier Evaluation</u></p> <p>All new suppliers are required to sign the "Social and Environmental Responsibility Statement". In 2024, 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".</p>	

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			<p><u>Supplier Counselling</u></p> <p>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.</p> <p>In 2024, a total of 4 supplier counseling programs were carried out to ensure quality and competitiveness of the supply chain and to establish a long-term and stable partnership.</p>	
<p>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?</p>	✓		<p>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 Company's official website under the "CSR" section for the use by all stakeholders.</p>	No significant divergence

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	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation (Note 2)</u>	
			In 2024, in line with the corporate governance indicator, the Board of Directors discussed and approved the finalized sustainability report on Nov. 8, and has completed the filing process.	
<p>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:</p> <p>There was no divergence between the real practices and the rules.</p>				
<p>7. Other important information that might help to understand the operation of the sustainable development practices:</p> <p>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. In 2024, the Company was recognized by external party and received the DEI Award from 104 Human Resource Bank for being a friendly employer for senior workforce. The related execution results, please refer to Taiwan Fu Hsing website (https://www.fuhsing.com.tw/news)</p>				

6. Climate related information for listed companies

(1) The execution status of climate related information

Items	Execution Status										
<p>1. Describe the Board and the Management's supervision and governance on climate related risks and opportunities.</p>	<p>(1) The sustainable development execution unit reports the results of the ESG plan to the board of directors once a quarter, assesses the risks and impacts of climate on corporate operations, and proposes responding suggestions.</p> <p>(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.</p>										
<p>2. Describe how the identified climate risks and opportunities impact the Company's business, strategy, and finances (short-term, medium-term and long-term).</p>	<p>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, at the same time, to identify them. An inventory of climate-related risks and opportunities that impact the Company's business is as follows:</p> <p>(1) Climate risks</p> <table border="1" data-bbox="1131 1114 2033 1310"> <thead> <tr> <th data-bbox="1131 1114 1209 1211">NO</th> <th data-bbox="1211 1114 1435 1211">Risks</th> <th data-bbox="1438 1114 1662 1211">Potential financial impact</th> <th data-bbox="1664 1114 1821 1211">Duration of the influence</th> <th data-bbox="1823 1114 2033 1211">Action adopted</th> </tr> </thead> <tbody> <tr> <td data-bbox="1131 1212 1209 1310">1</td> <td data-bbox="1211 1212 1435 1310">Failure to respond to the need of</td> <td data-bbox="1438 1212 1662 1310">Impact corporate image</td> <td data-bbox="1664 1212 1821 1310">Medium-term</td> <td data-bbox="1823 1212 2033 1310">Comply with legal regulations and</td> </tr> </tbody> </table>	NO	Risks	Potential financial impact	Duration of the influence	Action adopted	1	Failure to respond to the need of	Impact corporate image	Medium-term	Comply with legal regulations and
NO	Risks	Potential financial impact	Duration of the influence	Action adopted							
1	Failure to respond to the need of	Impact corporate image	Medium-term	Comply with legal regulations and							

		sustainability immediately.	Reduce orders.	Long-term	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	Operation of production lines suspended, , production capacity reduced or interrupted due to natural disasters	Income decreases Reduce in profits Discard of assets	Short-term & Medium-term	Develop BCP continuity operations plan
	4	Carbon fee levy	Operational cost increase	Short term Medium term	The threshold has not yet been reached Continuous carbon reduction and process technology optimization
(2) Climate opportunities					

	NO	Opportunity	Potential financial impact	Duration of the influence	Action adopted
	1	Green investment increase	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.	<p>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. It cannot be ruled out that such extreme weather events could result in a temporary disruption of the Company's operations or a disruption of all or part of its upstream and downstream supply chains, which could result in financial and business loss. Transformation actions are mainly related to corporate activities for energy saving and carbon reduction and sustainable development, which will inevitably increase the Company's capital expenditure to a certain extent in order to achieve the carbon neutrality target, thus leading to higher</p>				

	operating costs. in addition, the increase in operating costs will have an impact on product pricing, and the Company will endeavor to deepen its communication with customers and stakeholders with a view to minimizing the impact on its financial results.		
4. Describe how climate risk identification, assessment and management processes are integrated into the overall risk management system.	Same as the explanations on No.2.		
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.	The Company does not use scenario analysis to assess resilience to climate change risks.		
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.	The Company has not yet formulated a transformation plan for climate-related risks but is currently planning one.		
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company does not use internal carbon pricing as a planning tool.		
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.	(1)Climate change		
	2024 promote plans and goals	2024 execution status	Medium and Long-term goals (Completed for 2031)
	<ul style="list-style-type: none"> ■Comply with Article 8 of the “Energy Management Act”, and meet the requirements of the competent authority, with a power saving rate of more than 1%. ■Complete solar green power construction and green power certificate evaluation. 	<ul style="list-style-type: none"> ■Energy saving rate of 1.09%, has met the goal. ■For coping with the implementation of government policies, the construction of solar power and the obtain of green power certificates is still under evaluation. 	<ul style="list-style-type: none"> ■Maintain an electricity saving rate greater than requested by competent authorities. ■Complete solar power construction. ■Complete the greenhouse gas inventory and verification of subsidiaries in the consolidated statements in accordance with the

	<ul style="list-style-type: none"> ■ 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. 	<ul style="list-style-type: none"> ■ Entrust ESGBooster.com to carry out on-site educational trainings. ■ Carbon emissions reduced by 0.6%, has not met the goal. ■ ISO 50001 Energy Management Certification have not been obtained, and is still in evaluation. 	<p>Financial Supervisory Committee.</p> <ul style="list-style-type: none"> ■ Reduce carbon emission by 3%~5% (Scope I and II) . ■ Construct ISO50001 energy management system and increase energy efficiency.
<p>9. Information regarding greenhouse gas inventory and assurance status, and <u>carbon reduction targets, strategies and specific action plans</u> (additional state in a and b).</p>	<p>(2) The company does not use carbon offset or renewable energy certificates (RECs).</p> <p>Please see explanations a and b as below.</p>		

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.			
Year	Emission in 2022 (metric tons CO ₂ e)	Density in 2022 (Emission (metric tons CO ₂ e)/ Net profits (NT\$1mn))	Emission in 2023 (metric tons CO ₂ e)	Density in 2023 (Emission (metric tons CO ₂ e)/ Net profits (NT\$1mn))
Scope I	417.2326	0.4586	320.8274	0.3386
Scope II	6,388.8660	7.0226	6,441.5624	6.8001
Scope III&IV	4,947.8058	5.4386	41,937.6389	44.2719

Note: In 2022, the “upstream and downstream transportation and delivery” and “purchased good emission” in Scope III and Scope IV took the top 5 companies as the cutoff; in 2023 the investigation area was gradually expanded to cover the top 80% of our suppliers in terms of purchase amount, hence the value increased.

b. Information regarding Greenhouse Gas (GHG) assurance

Describe 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.

Scope of the Executed Assurance		2022 (Unit: t CO ₂ e)	2023 (Unit: CO ₂ e)
Taiwan Fu Hsing Industrial Co., Ltd. (No. 88, Yucai Rd., Gangshan Dist., Kaohsiung City, Taiwan R.O.C.)	Scope I	417.2326	320.8281
	Scope II	6,388.8660	6,441.5624
	Scope III, Scope IV	4947.8058	41,937.6389
	Total	11,753.904	48,700.029
Assurance Institution		Afnor	Afnor Asia
Assurance Guidelines		ISO 14064-3:2019	ISO 14064-3:2019
Assurance Opinion		Unqualified Opinion	Unqualified Opinion
Assurance conclusion		Scope I, II obtained reasonable assurance Scope III, IV obtained limited assurance	Scope I, II obtained reasonable assurance Scope III, IV obtained limited assurance

Note: In 2022, the “upstream and downstream transportation and delivery” and “purchased good emission” in Scope III and Scope IV took the top 5 companies as the cutoff; in 2023 the investigation area was gradually expanded to cover the top 80% of our suppliers in terms of purchase amount, hence the value increased.

(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: base year was adjusted from 2021 to 2023, because originally the “upstream and downstream transportation and delivery” and “purchased good emission” in Scope III and Scope IV took the top 5 companies as the cutoff; in 2023 the investigation area was gradually expanded to cover the top 80% of our suppliers in terms of purchase amount, hence we adjusted the base year.

Promotional plans	Specific actions	Mid to Long-term goals
<ul style="list-style-type: none"> ■ Comply with Article 8 of the “Energy Management Act”, and meet the requirements of the competent authority, with a power saving rate of more than 1%. ■ 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. 	<ul style="list-style-type: none"> ■ Energy saving rate of 1.09%, has met the goal. ■ For coping with the implementation of government policies, the construction of solar power and the obtain of green power certificates is still under evaluation. ■ Entrust ESGBooster.com to carry out on-site educational trainings to train the seeds. ■ Carbon emissions reduced by 0.6%, has not met the goal. ■ ISO 50001 Energy Management Certification have not been obtained and is still in evaluation. 	<ul style="list-style-type: none"> ■ Maintain an electricity saving rate greater than requested by competent authorities. ■ Complete solar power construction. ■ Complete the greenhouse gas inventory and verification of subsidiaries in the consolidated statements in accordance with the Financial Supervisory Committee. ■ Reduce carbon emission by 3%~5% (Scope I and II) . ■ Construct ISO50001 energy management system and increase energy efficiency.

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 <u>Assessments</u>	<u>Implementation Status</u>			Divergence from the regulated Best Practices and Reasons of the Divergence
	<u>Yes</u>	<u>No</u>	<u>Summary & Explanation</u>	
<p>1. Ethical Management Policy Establishment and Plan</p> <p>(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?</p> <p>(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”?</p>	<p>✓</p> <p>✓</p>		<p>(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.</p> <p>(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, 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</p>	No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
(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?	✓		<p>risk brought by ethical behaviors.</p> <p>(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 .</p>	
<p>2. Ethical Operation Implementation</p> <p>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?</p> <p>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)?</p>	<p>✓</p> <p>✓</p>		<p>A. The company has continually set up ethical behavior clauses in business contracts with corresponding parties.</p> <p>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.</p> <p>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.</p>	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 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 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	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			<p>into contract terms.</p> <p>Internal training</p> <p>(1) The “SER Annual Re-training Session” / Date of training: 11/14/2024~11/16/2024. Number of employees received training: 1,090 persons. Training hour: 1 hour.</p> <p>(2) “Superintendents’ SER annual retraining session” / Date of Training: 12/4/2024. Total number of superintendents received training: 73 persons. Training hour: 1.5 hours.</p> <p>(3) “Authorized Economic Operator’s (AEO)Supply Chain Safety Annual Re-Training Session” / Date of training: 11/14/2024-11/16/2024. Number of employees received training: 1,090 persons. Training hour: 1 hour.</p> <p>(4) “AEO Supply Chain Training (includes suspicious mails and packages, cargo safety, cargo safety and information security)” / Date of Training: 6/7/2024. Number of persons received training: 21 persons. Training hour: 1 hour.</p> <p>Training:7/5/2024. Number of persons received training: 7 persons. Training hour: 1 hour.</p> <p>External training:</p> <p>(1) “2024 1H and 2H – Financial and accounting supervisors must know</p>	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			seminar” / Date of Training: 03/27/2024 / Number of persons received training: 2 persons / Training hour: 3 hours. (2) “The Institute of Internal Auditors – Kaohsiung – July and August Regular Meetings / Date of Training: 8/20/2024 / Number of persons received training: 2 persons / Training hour: 6 hours. (3) “Continuous Education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchange” / Date of training: 9/13/2024 / Number of persons received training: 1 person / Training hour: 12 hours. (4) “Promotion of the Adoption of International Financial Reporting Seminar” / Date of Training: 11/27/2024 / Number of person received training: 1 person / Training hour: 3 hours. (5) “R12 Financial New Future #GL, R12 Financial New Feature #AP, R12 Financial New Feature #FA, R12 Financial New Feature #COST / Date of Training: 8/26/2024 to 8/30/2024. / Number of persons received training: 4 persons / Training hour: 28.5 hours. (6) The latest “Annual Report/Sustainability Information/ Financial Report Compilation” related laws and regulations and the internal control management practices” / Date of Training: 6/26/2024 / Number of person received training: 1 person / Training hour: 6	

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
			<p>hours.</p> <p>(7) “Sustainability Disclosure Seminar for Listed Companies and Sustainability Advocacy Seminar” / Date of Training: 5/16/2024 to 5/17/2024 / Number of person receive training: 1 person / Training hour: 9 hours.</p> <p>(8) “2024 Annual Conference on Internal Control System for the Management of Sustainability Information (for TWSE and TPEX listed companies)” / Date of Training: 7/8/2024 / Number of person received training: 2 persons / Training hour: 3.5 hours.</p> <p>(9) “New Challenges for Internal Audit Staff – Miss of Sustainability Information & Explanation of the management policy and related audit points” / Date of Training: 10/28/2024 / Number of person received training: 1 person / Training hour: 6 hours.</p> <p>(10)“The Wage-Labor Cycle and Labor Incident Law from the perspective of Corporate Governance” / Date of Training: 11/28/2024 / Number of person received training: 1 person / Training hour: 6 hours</p> <p>(11)“Must Know – The key points and impact of IFRSS1/S2 on internal control and internal audit” Date of Training: 4/22/2024 / Number of person received training: 1 / Training hour: 6 hours.</p>	
3. The Operation of Accusation (Whistle-Blowing) System				No significant divergence

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
<p>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?</p> <p>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?</p> <p>C. Whether the company adopts some protection mechanism to protect reporter from encountering improper punishment?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>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.</p> <p>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.</p> <p>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.</p>	
<p>4. Information Disclosure Enhancement</p> <p>Whether the company discloses the contents of ethical operation criteria and the</p>	<p>✓</p>		<p>The Company has established “Guidance for Ethical Operation Procedures</p>	<p>No significant divergence</p>

List of Assessments	Implementation Status			Divergence from the regulated Best Practices and Reasons of the Divergence
	Yes	No	Summary & Explanation	
implementation efficacy on the company's website and on the Market Observation Post System?			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.	
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. 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.
9. 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, “2024 Publication seminar on legal compliance for insider trading in listed and unlisted public companies” held by TWSE, “Director and Supervisor’s self-protection must know: Insight into how criminals utilize non-standard trading and related party trading practices” held by Taiwan Corporate Governance Association, “2024 1H Financial and accounting supervisors must know” held by PwC Taiwan, “Oscar Brenifier Philosophy Consultant _ Lying Phenomenology” held by COOK Co., Ltd., and “2024 International Forum on Talent Sustainability: Belonging x Empowering X Leapfrogging” by Commonwealth Learning.

10. The implementation of internal control system
- (i) Statement of internal control system
Please refer to TWSE Market Observation Post System: Home > Company > Corporate Governance > Articles of Incorporation > Internal Control > Disclosure of Internal Control Statement
(Website: <https://mops.twse.com.tw/mops/#/web/e06sg20>)
 - (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
11. 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 24, 2024	Adoption of the 2023 financial statements and proposal of earnings distribution.	On May 24, 2024, the Chairman resolved to set the ex-dividend date on June 18 th , 2024 and July 4 th ,2024 as the cash dividend distribution date.
	Approval of the amendments to “Operating Procedures of Loaning Funds to Others”	Registration approved by the Ministry of Economic Affairs and announced in the Company’s website on 05/24/2024.

(2) Board of Director's Meeting

Date of the Meeting in 2024 (mm/dd/yyyy)	Important Resolution
1 st Meeting on 01/26/2024	To review 2024 operational plans and goals
	To discuss the change of the head of Corporate Governance
	To review "Total Remuneration Paid to Employees and to Directors in 2023"
	To review "2023 Remuneration Paid to Managers and Employees"
2 nd Meeting on 03/06/2024	To adopt the 2023 business report and financial statements
	To resolve on the 2023 earnings distribution
	To discuss on the appointment of certified public accountants
	To discuss the proposal to remove the non-compete restriction imposed on the representative appointed by the Company's corporate director, Hong Cheng Investment Co., Ltd.
3 rd Meeting on 05/03/2024	To discuss on 2024 budget
	To discuss to recognize the 2024 Q1 Consolidated Financial Report
	To discuss to amend partial articles of the Company's "Operating Procedures of Loaning Funds to Others"
4 th Meeting on 08/09/2024	To discuss to recognize the 2024 Q2 Consolidated Financial Report
	To discuss on "The Compilation of 2023 Sustainability Report"
	To discuss on the proposal of loaning funds to subsidiary, FU SING INDUSTRIAL (THAILAND) CO., LTD.
5 th Meeting on 11/08/2024	To discuss to recognize the 2024 Q3 Consolidated Financial Report
	To discuss to establish the "Code of Practice on Sustainable Development"
	To discuss the 2025 Audit Plan
1 st Meeting on 01/20/2025	To review 2025 operational plans and goals
	To review "Total Remuneration Paid to Employees and to Directors in 2024"
	To review "2024 Remuneration Paid to Managers and Employees"
2 nd Meeting on	To adopt the 2024 business report and financial statements

3/5/2025	To resolve on the 2024 earnings distribution
	To discuss on the appointment of certified public accountants
	To discuss on the handling of cash-refund capital reduction proposal
	To define the scope of the Company's junior staff
	To amend the Company's "Articles of Incorporation"

12. 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

(4) 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	2024	2,990	1,250	4,240	Non-Audit fee is paid for tax compliance audit and the service of transfer pricing
	Wu, Chien-Chih					
PwC Taiwan	Wang, Chun-Kai	2023	2,990	5,259	8,249	Non-Audit fee is paid for consulting services on capital reduction of subsidiary, tax compliance audit and the service of transfer pricing
	Wu, Chieh-Chih					

- 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.

(5) Information on the Replacement of Accountants

Information on the replacement of certifying accountants in the most two recent fiscal years is as follows: there was no change of accountants during the last two years and subsequent periods.

- (6) 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

(7) Information on changes in shareholdings of directors, managers and substantial shareholders.

Please refer to TWSE Market Observation Post System: Home > Company > Changes in Shareholding/Securities Issuance > Shareholding of Directors, Supervisors, and Major Shareholders/Pledge/Transfer > Status of Shareholding by Directors and Supervisors > Balance of Shareholding by Directors and Supervisors
(Website: <https://mops.twse.com.tw/mops/#/web/stapap1>)

(8) 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 2 nd degree relative as stated in No.6 of the Accounting Standard		Remark
	Shares	%	Shares	%	Shares	%	Title / Name	Relationship	
Person in Charge									-
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 2 nd degree relative with the company's Chairman	-
Lin, Chao-Hung							Lian Guang Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Sheng You Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
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 2 nd degree relative with the company's Chairman	-
Lin, Wen-Hsing							Hong Cheng Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Sheng You Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
HSBC Bank (Taiwan) Ltd. entrusted by investment account in BNP Paribas Singapore	8,110,000	4.3%	-	-	-	-	-	-	-
Fu Sheng International Investment Co., Ltd. Lin, Tzu-Hsuan	7,624,000	4.05%	-	-	-	-	Fu Xun Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
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 2 nd degree relative with the company's Chairman	-
Lin, Chao-Hung							Lian Guang Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Sheng You Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
CTBC Bank – Lin Jui-Chang trusted account	5,000,000	2.65%	-	-	-	-	-	-	-
Fu Xun Investment Co., Ltd. Lin, Tzu-Yang	4,697,300	2.49%	-	-	-	-	Fu Sheng International Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
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 2 nd degree relative with the company's Chairman	-
							Hong Cheng Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Fu Xun Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
Lin, Wen-Hsing							Sheng You Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
Sheng You Investment Co., Ltd.	3,144,000	1.67%	-	-	-	-	Fu Zhi Investment Development Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Fu Ding Investment Enterprise, Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
Lin, Teng-Tsai							Hong Cheng Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
							Lian Guang Investment Co., Ltd.	A 2 nd degree relative with the company's Chairman	-
CTBC Bank – Chang, Jui-Pi trusted account	3,000,000	1.59%	-	-	-	-	-	-	-

(9) 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.	23,500,000	100%	-	-	23,500,000	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.	74,999,999	100%	-	-	74,999,999	100%

III.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) Name list of major shareholders

Name of Major Shareholder	Shareholding	Shares Held	Shareholding
Fu Zhi Investment Development Co., Ltd.		10,091,307	5.35
Fu Ding Investment Enterprise, Co., Ltd.		9,308,254	4.94
HSBC Bank (Taiwan) Ltd. entrusted by investment account in BNP Paribas Singapore		8,110,000	4.3
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

(3) 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\$3.1 per share (for a total of \$584,201,727).

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

(5) 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 2024, 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. 20th, 2025 resolved a total amount of NT\$179,099 thousand as remuneration paid to employees and a total amount of NT\$20,000 thousand as remuneration paid to directors.

ii. In 2024, it was estimated to paid NT\$179,099 thousand to employees as remuneration and NT\$20,000 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 2024: NT\$157,854 thousand dollars to employees as remuneration and NT\$19,500 thousand dollars to directors as remuneration.
 - B. The estimated amount to distribute in 2023: NT\$157,854 thousand dollars to employees as remuneration and NT\$19,500 thousand dollars to directors as remuneration.
 - C. There was no significant discrepancy.
- (6) Share buyback situation: None.
- (7) Issuance of corporate bond: None.
- (8) Issuance of preferred stock: None.
- (9) Issuance of global depository receipt: None.
- (10) Employee stock option: None.
- (11) Mergers or acquisitions, and issuance of new shares due to acquisition of shares of other companies: None.
- (12) 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.

IV.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. CC01101 Controlled Telecommunications Radio Frequency Devices and Materials Manufacturing
- J. CA02080 Metal Forging Industry
- K. CA01090 Aluminum Casting Manufacturing
- L. CA01990 Other Non-Ferrous Metal Basics Industries
- M. 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. Introduce in new materials and new manufacturing procedures for Us standard home lock products
 - 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: According to statistics provided by U.S. National Association of REALTORS (NAR), home sales in the U.S. fall to 4.06 millions in 2024, which was the lowest level since 1995, and coupled with President Trump's high tariff policy on goods imported from many countries after his return to the White House, this has led to an increase in the prices of construction materials, which has further pushed up the construction costs, thereby squeezing the profit margins of constructors and making it necessary for them to actively seek more cost-competitive products.
- (B) Smart Homes: with the popularization of smart home technology, features such as remote access, voice control and seamless connectivity are driving the use of smart door locks in residential applications. However, consumers are also concerned about the security and privacy of smart home devices. Matter and other IoT protocols enhance the hack-proofing of smart locks through end-to-end encryption while simplifying consumer choice and reducing compatibility issues through standardization and integration. Overall, the development of smart home is moving toward standardization and integration.
- (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 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. Consumers now can compare prices online and shop with more convenience, so 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 factors such as product appearance, color series, safety, convenience, functionality, and even the matching ability with furniture and bathroom supplies all become a consideration 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 and tend to gradually surpass the traditional well-known door locks brands.

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. Products: a complete set of products from traditional gear and rack door closers to high performance CAM action high-end door closers, request continuous improvement on R&D and manufacturing capabilities and product's added value.

b. Direction of development:

b-1: 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.

b-2: 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 NT194,643 thousand dollars in R&D, which was about 2.42% of the net sales. Ever since the establishment of Taiwan Fu Hsing, we have accumulated 1,657 patent applications and have obtained 1,332 domestic and international patents (584 domestic patents and 748 international patents).

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

Looking back on 2024, the building materials and household hardware market continued to be affected by multiple uncertainties and challenges, such as high interest rates and inflation.

Slower demand in the real estate market led to a decline in demand for home repair products/door hardware and consolidation of some retail customers. Besides, geopolitical uncertainties have caused fluctuations in the supply chain and increased logistics costs. overall, in the year full of uncertainties, we continued to stabilize our supply chain to introduce new products and maintain the quality of our services, and finally achieved what we set out to do. Looking forward to 2025, it will be a year with both challenges and opportunities. High-interest rate policy in the North America market is expected to ease, and inflation is expected to stabilize gradually. The recovery speed of real estate's market is forecasted to be affected by inflation and consumer confidence, and although the new housing construction rate is likely to be same conservative, there is potential for growth in the demand for door hardware in the renovation and repair of old houses. In addition, inventory built up by retail customers in 2024 is gradually being depleted, and the overall market is expected to resume its previous growth momentum in the second half of the year. There will be continued growth in the retail, residential and rental housing markets, coupled with the expansion of modern design patterns to include mechanical and smart locks, it is expected our market share can further be expanded. 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 continue to launch 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:

Comprehensive coverage of high-end, mid-range, and low-end product lines to meet the needs of different countries and market levels.

In line with the market growth trend, we continue to expand the product range of different grades in mechanical locks and smart locks, launching ANSI/BHMA Grade 1 products for high-priced projects and commercial projects, which have both the traditional and modern appearance, home and public applications, and user-friendly features to construct a rich product line that is more in line with the market demand and usage habits. In addition to the aforementioned product, our strength has always been in low to mid-range products with high CP value. In the future, we will continue to optimize our cost competitiveness by introducing economical mechanical locks or electronic locks, adopting modular design to simplify the structure, and taking into account the quality of the premise of the introduction of high cost-effective mechanical locks and electronic locks.

Intelligent development combined with the trend of connected home remains one of the key drivers of the market. Consumer demand for smart door locks continues to grow with enhanced AI biometrics, remote control ...etc. to improve security and 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. In terms of schedule:

- Short-term goal: continuously expand entry-level product selections, especially products with easy-to-install and affordable features, in order to achieve the goal of deepening downstream cultivation and expanding market share.
 - 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 smart phones, Bluetooth technology, NFC, touch panels, biometric identification systems, Matter smart home protocols, Apple Homekit...etc. and actively try to 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 materials to achieve energy conservation, carbon reduction, and the aestheticism.

b) As for pricing strategy:

We will optimize cost competitiveness, implement flexible pricing strategy, fully utilize the advantages of modulization design, cope with 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. We will, at the same time, cooperate with the analysis on the market trend and provide promotional programs 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:

In one way, we will expand the cooperation with main stream brands to provide high quality and cost competitive products to promote customer's brand image, so as to enhance market share together, in the other way, we integrate our own brands, mainly promoting the "Jia An" brand for Taiwan domestic sales, "Livello" for high-end products in exports, "Faultless" for mid-range products and "Arctek" as the main brand for commercial door locks, door closers and hinges, constructing a complete product line. At the same time, the Company will also use social media to enhance brand image awareness and trust.

d) as for distribution strategy:

For retail: Emphasize product's basic functions and price attractiveness, and agile promoting different products on rotation to attract consumers' attention, and active mark out major physical retails channels and online business channels.

For construction market channels: reach out to builders, targeting smart apartments and commercial office buildings.

(2) Market and the Production-Marketing Situation

1. Major marketing area and the market share

Domestic sales and export sales accounted for about 7% and 93% of the total sales respectively, and among export sales, the North American market, was the largest area of sales, accounted for 75% and the Chinese market accounted for about 6%, and 19% were from all other regions (Asia (excluding China), Europe, New Zealand, Australia, Central and South America, etc.)

2. Future Market Demand and the Growth

- (i) North America: in the first half of 2024, the overall North American market was deeply affected by climate, supply chain and economic difficulties with the new housing construction rate still not returning to the pre-pandemic level, and the demand for our home products was also affected. Product supply improved in the second half of the year, mainly due to the growing demand for renovation and repair of old housing estates, as well as the growing demand in multi-family and short-term rental apartments (Airbnb). Looking to the future, 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 2024 market demand gradually recovered. 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, to 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. Will optimize the customer service network to create 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: besides our 4 production bases in Taiwan (Fu Hsing Kangshan plant, Techform Industrial plant, Fortress plant, and ARCTEK plant) and the production base in China, in 2025 the new Thailand plant will complete the construction and start trial production for mass production. We expect the new plant will officially start production in 2026. In the future, we will keep expanding our production capacity, and meanwhile 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; through the development of electronic networked smart door locks or cooperate with other home smart network operators, we will 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. The North American market is growing in demand for mid-range and high-end products, and there is a greater demand for products in compliance with various industrial standards such as ANSI/BHMA, UL certification, and our product's quality is relatively stable and we have the faith to be able to meet the market's expectations.
- 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.
- F. Taiwan has become an important link in stabilizing the supply chain under the U.S.-China tariff barrier, and the demand for Taiwan products in the North American market has increased.

(2) Unfavorable factors

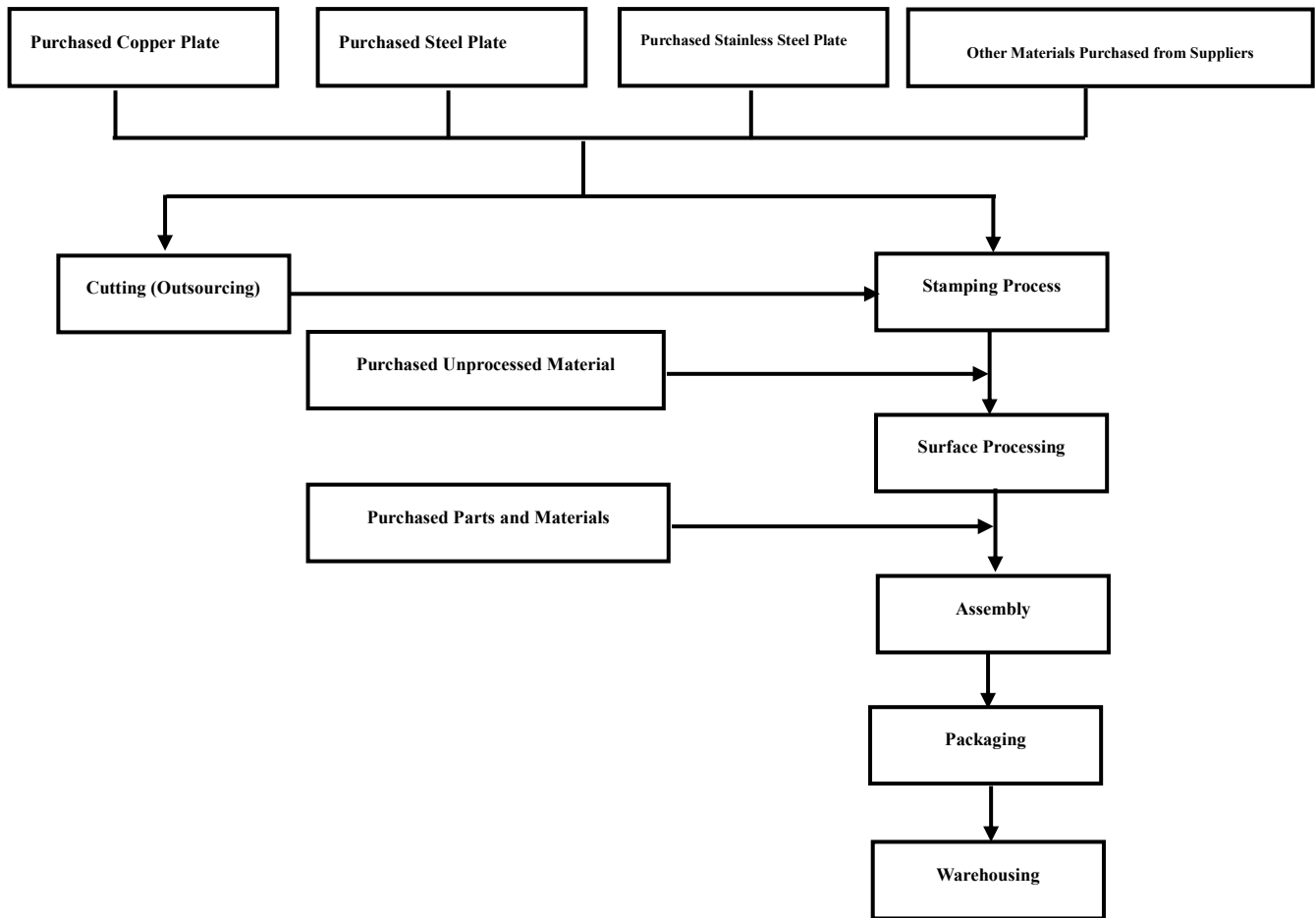
- A. Affected by the trade war, China manufacturers compete for market share at low prices.
- B. Fluctuation of US dollar exchange rate that may impair profits.
- C. Risk factors in relation to geopolitical situation
- D. Possible insufficient manpower
- E. Impact of possible U.S. tariff expansion

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. In addition, high value-added commercial high-end products and electronic products are also our key areas of focus, especially the electronic locks area is the future trend, the Company will invest more resources and efforts in the development.

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	2024				2023			
	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	\$2,682,750	33%	None	Customer C	\$3,752,107	41%	None
2	Customer B	1,399,132	17%	None	Customer B	1,509,349	17%	None
3	Customer E	606,421	8%	None	Customer E	767,786	8%	None
	Others	3,351,077	42%	-	Others	3,044,197	34%	-
	Net Sales	8,039,380	100%		Net Sales	9,073,439	100%	

(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		2023	2024	Jan. 1 ~ Feb. 28, 2025
Number of Employees	Director Labor	1,523	1,282	1,213
	Indirect Labor	702	664	680
	Management	215	200	195
	Total	2,440	2,146	2,088
Average Age		41.02	42.24	42.29
Average Year of Service		6.95	8.05	8.50
Education Analysis (%)	Doctor	0.04%	0.05%	0.05%
	Master	2.50%	3.09%	3.26%
	University	41.84%	46.02%	47.30%
	High School	34.88%	35.99%	36.67%
	Below High School	20.74%	15.42%	12.73%

(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:

In a correspondence dated May 16, 2024, the Changhua County Government explained that on Oct. 26, 2023, subsidiary, Fortress Industrial Co., Ltd., violated Article 20, Paragraph 1 of the Air Pollution Prevention Act, which stipulates that the emission of air pollutants from stationary sources in public and private places shall comply with the emission standards. In addition, according to the schedule of air pollutant emission standard for stationary pollutant sources, the emission standard of odor pollutant from emission pipeline is 2000; and according to Article 62, paragraph 1 of the same act, a fine of 360,000- shall be imposed. Subsidiary, Fortress Industrial Co., Ltd., on May 22, 2024, has submitted to the Changhua County Environmental Protection Bureau for inspection a certificate of improvement of the relevant process control equipment and a certificate of compliance with the emission standards for air pollutants (odor pollutants), and completed the improvement.

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: Continuous efforts will be made to promote sustainable operation and environmental improvement in the future. We 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	2025	2026
The improvement and operation of air pollution prevention facility	2,822	19,183
The improvement and operation of water pollution prevention facility	12,828	12,245
Removal and process of business wastes	15,704	11,266

(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.

【Happy Enterprise, Easy Work & Life】

Year	Award	Matters for the Award
2015	Top Ten Happy Enterprise in Kaohsiung	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.
2016	Sports Enterprise	The Sports Administration, Ministry of Education started to promote the “Sports Enterprise” certification program. 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.
2017	Sports Enterprise	After a strict on-site review by the Sports Administration, Ministry of Education, the qualification to receive the sport enterprise certification was extended.

	Arts and Business Award	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.
2018	Sports Enterprise	After a strict on-site review by the Sports Administration, Ministry of Education, the qualification to receive the sport enterprise certification was extended.
2019	Sports Enterprise	Received the honor of "Sports Enterprise" once again.
2020	Happiness Enterprise Gold Award	Once again, received the "Happiness Enterprise Gold Award" in both the "Gender Equality" and "Welfare" from Kaohsiung City Government.
2022	i Sports Enterprise	Was selected as a "i Sports Enterprise"

In recent 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.

【 Seeking common ground while reserving differences, creating communion environment 】

Year	Award	Matters for the Award
2019	Migrant worker's dream pursuing projects	Since 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.
2020	PwC CSR Influential Power Award	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

2021	The 1 st TSAA Taiwan Sustainable Action Award	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.
2022	The 1 st DEI Diversity and Inclusion Vision Award	Taiwan Fu Hsing participated in the first DEI Diversity and Inclusion Vision Award organized by Womeny, LinkedIn, and Deloitte, and was selected as the "Local Enterprise Group Silver Award", becoming the only award-winning enterprise in the manufacturing industry.
2024	DEI Friendly Employer for the Senior Workforce Award	Selected by 104 Human Resources Bank and Business Week as one of 22 companies out of 133 participating companies to receive this honor.

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.

【Healthy Workplace, Happy Life】

Year	Award	Matters for the Award
2014	Tobacco Harm Prevention and Control Label	Obtained the three-stage healthy workplace certification promoted by the Ministry of Health and Welfare for three consecutive years
2015	Health Activation Label	
2016	Health Promotion Labor	
2019	Health Promotion Label	Extended the Health Promotion Label, and received the vitality award of the outstanding healthy workplace, and has completed the highest level of

	Vitality Award of the Outstanding Healthy Workplace	Healthy Workplace Certification.
2023	Healthy Workforce	Recognized by the Occupational Safety and Health Administration's "Healthy Workforce" as an outstanding occupational health and safety unit. 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. In the past three years (2022~2024), the salary increase rate as a whole was nearly 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 2024 had 2,146 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 HR Bank in Taiwan to recruit talents and also adopt different recruiting channels, such as for recruiting direct labor, we recruit through newspaper advertisement, leaflets, electronic signboard, career station, ... etc., for specialized professional manpower, we paired with high level manpower agencies (head hunting companies), for others, manners like college and university career fairs (National Kaohsiung University of Science and Technology, National Formosa University, I-Shou University, Cheng Shiu University), referrals by professional organizations, employee referrals, ...etc. that we believe are able to provide quality human

resources for the Company. In recent years, for meeting the trend of fertility decline, professional deficiency in mechanical field and resources scarcity, we actively plan to work with manpower cultivators and cooperated with universities and colleges through internship system to lock on outstanding personnel in advance and create tailor-made training programs. The 4 internship students from National Kaohsiung University of Science and Technology in 2024 have been trained in the areas of stamping molds, product design, production and manufacturing, and quality assurance, and after their internship, we have retained superior students to work with the Company. In addition, we cooperated with Huade Vocational High School of Technologies and Home Economics in the program of “Overseas Foreign Student’s Specialized Class For Cooperative Education” and provided 35-40 foreign students work-study opportunities during winter vacation and regular class time to provide international students with opportunities to learn about off-campus professional skills training through real-life workplace participation. In 2024, through industry-academic internships and company visits, Taiwan Fu Hsing continue to deepen the cooperation with renowned schools in Southern Taiwan, including National Kaohsiung University of Science and Technology and National Sun Yat-Sen University to increase employer brand awareness.

We follow the Company’s SER policy of never hiring child labor that is under the age of 16 or forced labor, and we strive for equality by treating people from all regions, genders, religions, races, nationalities, and political parties equally.

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 2024, 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

- (1) Annual training achievements: The 2024 training program includes in-house training for new recruits, level training, on-the-job general and professional training, annual refresher training for AEOs and SERs, project training courses, and outbound training for various job functions.
- (2) With "self-directed learning" as the goal, we developed personalized learning paths to help talents achieve self-realization and link learning results to work results to achieve organization goals. Since 2023, we have added 12 hours per year of professional training to the KPI target of all the indirect employees to strengthen self-development capabilities and raise the importance of employee education and training.
- (3) Development of diversified learning modes: provide employees with

diversified learning options through various training channels and resources, including self-awareness and resilience workshops, to build up the mental toughness and resilience of sectional to departmental supervisors in order to lead the positive growth of the unit and foster organizational resilience and innovation. Implement inclusive training and planning for all staff to participate in a series of workplace psychology seminars to cultivate self-awareness and promote personal growth and development. 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 2024 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	1,891	3,771	1.99	1,667	3,968	2.38	3,558	7,739	2.18
Indirect Labor	567	5,420	9.56	467	5,092	10.90	1,034	10,512	10.17
Management	201	2,200	10.95	459	2,949	6.42	660	5,149	7.80
Total	2,659	11,391	4.28	2,593	12,009	4.63	5,252	23,400	4.46

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
<ul style="list-style-type: none"> • 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 2024, in order to optimize the quality of meals for employees, in addition to replacing the buffet vendor in the middle of the year, the Employee Welfare Association has set up a new food truck to sell traditional snacks during weekdays, and has launched additional celebratory activities for specific festivals, such as free Thai milk tea and green papaya salad provided at the Thai Milk Truck on the site of the Songkran Festival, pomelo + mooncake provided before the Mid-Autumn Festival, red bean sweet dumplings provided at the Winter solstice, ...etc.

Expenditures for employee benefits totaled 14.41 million in 2024, similar to the \$14.82 millions spent in 2023.

In order to design tailor-made activities for different ethnic groups, in 2024 the Employee Welfare Association organized the following activities as below:

Date	Activity	Contents
4/19~4/20	Tung flower and fire bugs appreciate in Xihu Lake	The series of activities were designed with different themes for different ethnic groups and were held from April to November, with a total of 652 participants in 7 tours. In addition to the fun travel itinerary, staffs were encouraged to take photos of the fun moments and submitted to Taiwan Fu Hsing FB page to participate in the lucky draw activity.
4/8~4/9	Penghu Firework Festival	
6/15~6/16 6/22~6/23	Staff travel Taoyuan Shu Shin Kirugakure Park & Hsinchu LEOFOO Village	
9/29~9/30	The Great Foothills Fentanyl & Shinshe Grape Afternoon Tea	
11/9~11/10	Jiaoxi Hot Spring tour	
6/5	Rice Dumplings for Dragon Boat Festival _Rice Dumpling Making Relay Competition	It was a team competition within a limited time. In addition to the prize money, each participant will be able to bring back 20 rice dumplings made by himself/herself and from a family rice dumpling store.
10/13	Parent-Child Family Day_ Agongdian Cup National Marathon Competition	Provide subsidy to staff and their families to participate in the “2024 Agongdian Cup National

	<p>Marathon Competition” held by Agondian marathon director. Venue: Baimi Stagnant Ponds of Gangshan Dengbao Stream, Kaohsiung. There were three race types: 5K, 21K, 42K. In addition to the prizes and souvenirs offered by the organizer, there will be a “Star of Road Running” prize for staff members and a finisher’s prize for family members in or under the age of elementary school.</p>
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(ii) Comprehensive staff welfare facility:

- 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.
- 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. Employees only need to pay partial cost of the meal and the Welfare Committee subsidizes the remaining. While considering different diet needs, besides separating meat diet and vegetarian diet, we also customize diet area to reflect different nation’s dietary preferences and taboos. The special diet area received good comments.
- 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, there was a case of forgery by an ex-employee and a lawsuit filed by the ex-employee to confirm the existence of an employment relationship. The Company has filed criminal complaints and civil lawsuits in accordance with the law, and the Company is confident that it will obtain optimistic litigation results. The Company’s system has been established in accordance with the law, and is committed to protecting the rights and interests of workers and continuing the good tradition of harmonious labor relations.

10. Retirement benefit

<p>Retirement reserve supervisory committee</p>	<ul style="list-style-type: none"> ● 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 2024, 22 retirement application were reviewed.
<p>A comprehensive pension system that also considers about humanity</p>	<ul style="list-style-type: none"> ● 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

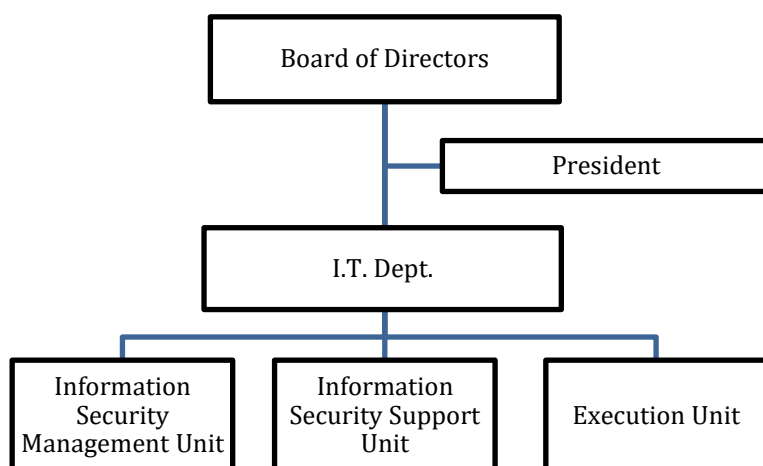
a. Governance Unit for corporate information security

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 8, 2024 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

1. Information Security Policy

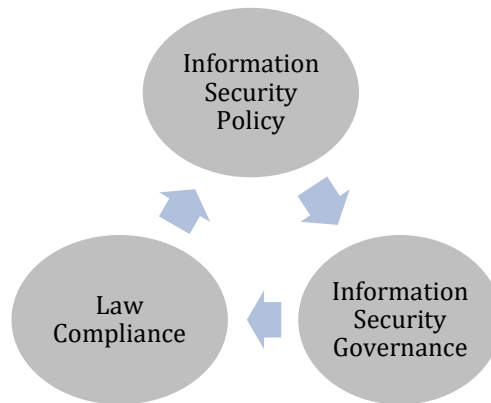
The Company formulates information security related procedures and standards, such as information security procedures booklet, methods to apply and management internal computer user's account, information equipment management methods, etc.

2. The Governance of Information Security

- A. 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.
- B. Strengthen system's reliability, implement information system decentralization, carry out access control policies, and improve information security defense systems.

3. Law Compliance

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



4. Specific Management Measures:

A. System Maintenance

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

B. Weakness & Threats

- i. Perform security detection measures such as the scan of host vulnerability.
- ii. Set up protection measures, such as fire wall, antivirus, IPS active defense, mail filtering, ...etc.
- iii. Regularly carry out security system updates
- iv. Implement an endpoint threat detection system (MDR) to enhance threat detection capabilities and improve investigation and response time.

C. 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.

D. 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 through computer accounts and the principle of password complexity is applied.

- Introduce VPN multi-factor authentication to improve the authentication control mechanism.
- E. Operational Risks
- Invest in information security related insurance to reduce the risk of business operations.
- F. 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.

5. The Investment that puts into Information Securities

Information Security Measures	Effects	Execution Situation
Information Security Policy	12 Company Standards related document were completed.	Revise information security regulations year by year from 2014 to 2024.
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 152 new employees (include leave without pay > 3 months) in 2024, with a total of 76 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 and Testing	Regularly appoint an information security consulting company to conduct information security inspections, make improvements for	1. Penetration Testing / Vulnerability Scanning 2. 100% execution rate

	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	<ol style="list-style-type: none"> 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 6 Implement MDR Endpoint Threat Detection System 	<ol style="list-style-type: none"> 1 Execution rate: 100% 2 Execution rate: 100% 3 Execution rate: 100% 4 Execution rate: 100% 5 Execution rate: 100% 6 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.
 - vii. Implement endpoint threat detection system (MDR) to enhance threat detection capabilities and improve investigation and response times.

C. Major Information Security Incidents

Trend Micro releases its first half of the year security overview report, pointing out that ransomware, advanced persistent penetration attacks (APT) and deep forgery using AI technology, and Jailbreak-as-a-service attacks were the major threats in the first half of the year; at the same time, enterprises should also pay attention to exposed equipment resources, login credentials and properly manage vulnerabilities to minimize security risks.

The Company's information units follow information security policies, activate firewalls, proactive defense mechanisms, SPAM mail filtering systems, real-time updates to anti-virus systems, regular updates to the security of operating systems, and enhance personnel awareness of information security through education and training. Also, the endpoint threat detection system (MDR) was introduced in 2024 to enhance threat detection capabilities and improve investigation and response time.

(8) Important contracts: none.

V 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	2024	2023	Decrease/Increase in Amount	Decrease/Increase In %
Current assets	\$5,801,664	\$5,785,306	\$16,358	-
Fund & Investments	462,805	465,172	-2,367	-1%
Property, plant, and equipment	2,863,830	2,892,863	-29,033	-1%
Other assets	560,732	495,447	65,285	13%
Total assets	9,689,031	9,638,788	50,243	1%
Current liabilities	1,739,803	2,004,473	-264,670	-13%
Non-current liabilities	411,407	594,273	-182,866	-31%
Total liabilities	2,151,210	2,598,746	-447,536	-17%
Capital	1,884,521	1,884,521	-	-
Capital surplus	567,114	567,114	-	-
Retained earnings	5,049,888	4,667,232	382,656	8%
Other equity	-15,551	-137,755	122,204	89%
Minor interests	51,849	58,930	-7,081	-12%
Total shareholder's equity	7,537,821	7,040,042	497,779	7%
<p>1. Analysis on more than 20% changes in %:</p> <p>(1) The decrease in Non-current liabilities: mainly due to the repayment of long-term loans of approximately \$110 million, which decreased in net defined benefit liabilities.</p> <p>(2) The increase in Other equity: mainly due to the changes in exchange differences in the translation of financial statements of foreign operating institutions.</p> <p>2. Impacts of the changes: No significant influence on the Company's financial situation.</p> <p>3. Future plan to meet the changes: Not applicable.</p>				

(2) Two year comparison on the financial performance

Unit: NT\$1,000

Item \ Year	2024	2023	Increase / Decrease In amount	Increase/Decrease n %
Total sales	8,039,380	9,073,439	-1,034,059	-11%
Operating Cost	6,129,586	7,008,567	-878,981	-13%
Gross Margin	1,909,794	2,064,872	-155,078	-8%
Operating Expenses	952,850	918,060	34,790	4%
Operating Profit	956,944	1,146,812	-189,868	-17%
Non-operating income and expenses	266,162	129,899	136,263	105%
Net income before tax	1,223,106	1,276,711	-53,605	-4%
Tax	306,606	327,088	-20,482	-6%
Net income after tax	916,500	949,623	-33,123	-3%
Other comprehensive income (after tax – net)	151,258	-63,821	215,079	-337%
Total comprehensive income	1,067,758	885,802	181,956	21%
<p>1. Analysis on more than 20% changes in %:</p> <p>(1) The increase in Non-Operating income and expenses: mainly because the foreign currency exchange gain in the year of 2024 was approximately \$120 million higher than that in the year of 2023.</p> <p>(2) The increase in Other comprehensive income (after tax-net): mainly due to the increase of about \$130 million in exchange rate changes in the translation of financial statements of foreign operators and the increase of approximately \$60 million in the remeasurement of defined benefit plans in 2024.</p> <p>(3) The increase in Total comprehensive income: mainly due to effect of changes in Other Comprehensive Income (after tax) as previously reported.</p> <p>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 2025.</p> <p>3. Possible influences on the company's future financial situation and the encountering measures: No significant influences on financial situation.</p> <p>4. Future plan to meet the changes: Not applicable.</p>				

(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	2024	2023	Changes	
			Amount	%
Net cash flow	\$395,628	\$-252,475	\$648,103	-257%
<p>(1) The increase in net cash flows in 2024 compared to 2023 was mainly due to higher net cash inflows from operating activities and lower capital expenditures as a result of the redemption of money funds (financial assets and liabilities at fair value through profit or loss) in 2024.</p> <p>(2) Improvement plan for insufficient liquidity: the Company has sufficient cash, and there is no insufficient liquidity problem.</p>				

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
\$2,582,187	\$9,353,719	\$9,215,008	\$2,720,898	-	-
<p>(1) Analysis on the estimated cash flow changes in 2025:</p> <p>A. Operation activity: Expect the Company can still maintain stable profit and cash inflow.</p> <p>B. Investment activity: Continued cash outflows regarding expenditures on the construction of new factory and the procurement and replacement of facilities are expected.</p> <p>C. Financing activity: Expect cash outflows for cash dividends and capital reduction.</p> <p>(2) The make-up plan for insufficient cash, and the analysis on solvency: We expect cash is enough in 2025.</p>					

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

The Company's re-investment, Fu Sing Industrial (Thailand) Co., Ltd., has commenced the construction of a new factory in Chonburi Province, Thailand, with a total investment of approximately NT\$800 million, which is expected to be completed in the fourth quarter of 2025 and to begin trial production. The capital required is mainly from its own working capital, with some bank loans. The Company has sound financial structure and low debt ratio. The investment has no significant impact on the Company's financial operations.

Upon completion of the construction of the plant, we will be able to effectively increase our production capacity and further enhance our competitiveness in market expansion.

(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 2024, the Company recognized NT\$273,490 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	1 st layer - risk control unit	2 nd 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	
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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 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, we'll keep developing more Grade 2 and Grade 3 door lock products, provide wider range of product combinations to meet the market needs. Meanwhile, we will actively invested in the R&D of Grade 1 products to expand product lines and enhance market coverage.

In terms of design, we emphasis on the diversity of appearance and provide a complete product portfolio from auxiliary locks, tubular locks to large handle locks according to different style requirements. In addition, we have upgraded the finish to the highest grade, Grade A, and offer more color choices to meet consumers' needs for personalized home design.

In order to break through the limitations of existing materials and processes, we are actively experimenting with new materials and innovative processes to develop even more groundbreaking design, bringing both aesthetic and functional lock solutions to the market.

- 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..

- b. With the increasingly close connection between electronic door locks and smartphones, the Company has launched electronic door locks that support Bluetooth connectivity, and plans to further integrate cloud-based systems and Wi-Fi technology so that Bluetooth door locks can be remotely operated, enhancing convenience and security. In addition, we pay close attention to the development of internet of Things (IoT) technology, especially the Matter protocol and its application, and deepen the integration with cell phone apps and third-party platforms, such as Apple HomeKit, Google Home, and Amazon Alexa, through the cloud docking, so as to enable electronic door locks to be interconnected with all kinds of IoT devices to create a smarter living experience.

In terms of IoT deployment, we not only develop our own cloud services, but also actively collaborate with our customers to seamlessly integrate electronic locks into their existing smart home platforms, helping them optimize their IoT ecosystems and enhance their competitiveness in the market. Through this strategy, we are expanding the scope of product applications, reaching out to the 3C industry, start-ups and IoT service providers, creating more opportunities for the smart lock market and driving the smart home industry forward.

- 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 2025 is NT228,835 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.

8 Expected 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:

Considering various factors such as future operational requirements, human resources, regional stability, investment incentives and supply chain integrity, the Company established a subsidiary, Fu Sing Industrial (Thailand) Co., Ltd., by resolution of the Board of Directors, and executed the expenditure on land purchase and factory construction within the investment amount of US\$45million. Upon completion, the new plant will effectively increase production capacity and further enhance our competitiveness in market expansion. However, the external business environment is changing rapidly and market demand may fluctuate, the Company will closely observe market changes and work closely with customers to minimize operational risks.

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

11 Effect 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.

12 Effect 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.

13 Litigious 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.

VI Special Notes

(1) Disclosures regarding affiliated companies

I. Organization status of the affiliated companies

(1) Organization chart of the affiliated companies

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

(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

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

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

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

V. Loaning of funds situation

Please refer to TWSE Market Observation Post System: Home > Company > operation status > Endorsement, Guarantee / Financing > Funding and Endorsement Guarantee Information

(Website: <https://mops.twse.com.tw/mops/#/web/t65sb04>)

VI. Endorsement and guarantees provided for affiliated companies:

Please refer to TWSE Market Observation Post System: Home > Company > operation status > Endorsement, Guarantee / Financing > Funding and Endorsement Guarantee Information

(Website: <https://mops.twse.com.tw/mops/#/web/t65sb04>)

VII. Directors, supervisors, presidents of the affiliated companies

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

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

Please refer to TWSE Market Observation Post System: Home > Company > Electronic document download > Three major operation reports of affiliated companies.

(Website: https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

- (2) Private placement of securities: None.
- (3) Other matters that require additional explanation: None.

VII 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

(This is a translation of the Chinese Annual Report. In case there is any discrepancy in the contents between the English and Chinese version, the Chinese version shall prevail.)