

Stock Code: 9924



Taiwan Fu Hsing Industrial Co., Ltd.

**2024
Annual Meeting of Shareholders
Handbook**

Date & Time: 9:00am May 24th, 2024

Venue: No. 17th, Bengong Rd., Kangshan Dist., Kaohsiung City

(2F of the Assembly Hall in the Benjhou Industrial Park Service Center)

Shareholders' Meeting will be held by means of a physical meeting.

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Taiwan Fu Hsing Industrial Co., Ltd.

Meeting Procedures of 2024 Annual Meeting of Shareholders

- I. Meeting call to order
- II. Address by the Chairman
- III. Management Presentation
- IV. Matters for Acknowledgement
- V. Matters for Discussion
- VI. Extempore Motion
- VII. Adjournment

Taiwan Fu Hsing Industrial Co., Ltd.
Meeting Agenda of the 2024 Annual Shareholders' Meeting

Date & Time: 9:00am, May 24th, 2024 (Friday)

Venue: No. 17, Bengong Rd., Kangshan Dist., Kaohsiung City
(2F of the Assembly Hall in the Benjhou Industrial Park Service Center)

Convene Manner: Physical meeting

Report the number of shareholders present

I. Meeting call to order

II. Address by Chairman

III. Management presentation

- a) 2023 Operation report
- b) Audit Committee's review report
- c) Report of remunerations paid to employees and directors in 2023
- d) Report of earnings distribution and cash dividend in 2023

IV. Matters for acknowledgement

- a) To acknowledge 2023 Financial Reports
- b) To acknowledge 2023 Earnings Distribution Proposal

V. Matters for discussion

Removal of the non-compete restrictions on the designated representative of the Company's corporate director, Hong Cheng Investment Co., Ltd.

VI. Extempore motions

VII. Meeting adjourned

Management Presentation

Report 1

Summary: The 2023 Operation Report

Explanation: Please see Attachment I for 2023 Operation Report, pp. [9-13]

Report II

Summary: Audit Committee's review report

Explanation: Please see Attachment II for the review report, pp. [14]

Report III

Summary: Report of remunerations paid to employees and directors in 2023

Explanation:

1. Remunerations are paid according to Article 26-1 of the Article of Incorporation.
2. The Company plans to make a provision of NT\$157,853,759 as remuneration paid to employees in 2023 and NT\$19,500,000 as remunerations paid to directors in 2023.
3. The above-mentioned remuneration proposal had been resolved on the Board of Directors' Meeting on Jan. 26th, 2024 and was determined to distribute in cash.

Report IV

Summary: Report of earnings distribution and cash dividend in 2023

Explanation:

1. The earnings distribution is handled in accordance with

Article 27 of the Company's Article of Incorporation. When distributing cash as dividend and bonuses, the board of directors is authorized to handle the matter with special resolution and report in the Meeting of Shareholders.

2. The Company plans to distribute a total amount of NT\$565,356,510 as cash dividends to shareholders, i.e. NT\$3.0 for per share. Cash dividends are calculated according to the distribution ratio and is rounded to 1 dollar. The total amount of irregular payments of such less than one dollar shall be included in the Company's account Employee Benefit Committee/ other income.

3. The earnings distribution proposal has been approved by the board of directors on March 6th, 2024 and given authorization to the Chairman for setting the record date and all other distribution related matters. If there is a subsequent change in the Company's share capital that affects the number of outstanding shares, resulting in a change in the dividend rate per share, the Chairman of the board of directors is also authorized to handle and make relevant adjustments.

Matters for Acknowledgement

Proposal I (Proposed by the board of directors)

Summary: To acknowledge the 2023 Financial Reports

Explanation:

1. The Company's 2023 Financial Reports have been resolved in the board of directors' meeting. The Company's Consolidated financial statements and Individual company's financial statements were audited

by independent auditors, WANG Chun-Kai and WU Chien-Chih, of the PwC Taiwan and were given audit report of Unqualified Opinion. The above-mentioned Financial Reports along with the Business Report and earnings distribution proposal has sent and approved by the Audit Committee of the Taiwan Fu Hsing Industrial Co., Ltd.

2. Please refer to Attachment II and III for the Audit Committee's review report, independent auditors' audit report, and the above-mentioned financial statements, pp. [14-35].

Resolution:

Proposal II (Proposed by the board of directors)

Summary: To acknowledge 2023 Earnings Distribution Proposal

Explanation:

1. The proposal of the Company's 2023 earnings distribution has been resolved in the board of directors' meeting and approved by the Audit Committee.
2. Please refer to Attachment IV for the table of earning distribution, pp.[36].

Resolution:

Matters for Discussion

(Proposed by the board of directors)

Summary: Removal of the non-compete restrictions on the designated representative of the Company's corporate director, Hong Cheng Investment Co., Ltd.

Explanation:

1. As stipulated in Article 209 of the Company Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”

2. In order to make use of the expertise and relevant experience of the directors and representatives of the company, without affecting the normal business of the company and without damaging the interests of the company, it is proposed to submit to the shareholders' regular meeting to discuss the lifting of the non-competition restrictions in accordance with the law.

3. Please refer to Attachment V [page 37] for the detailed contents regarding the non-compete restriction on Lin, Tzu-Hsuan, the designated representative of the Company's corporate director, Hong Cheng Investment Co., Ltd.

Resolution:

Extempore Motion

Adjournment

Attachments

【Attachment I 2023 Operation Report】

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

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

(I) Review the implementation of Business Plan

Taiwan Fu Hsing's consolidated operating sales in 2023 was NT\$9,073,439 thousand, a decrease of approximately 4.8% from last year; however, the gross margin increased about 3%, thanks to weakened raw materials price, mostly metal, that have been impacted by Russia-Ukraine war, as well as beneficial factors, such as depreciation of New Taiwan Dollars and Renminbi, effective cost control on new product's packaging etc....Although the U.S. dollar weakened at the end of the period, resulting in a decrease in foreign currency exchange gain of approximately NT\$240 million in non-operating income and expenses, the net profit attributable to the parent company for the current period in 2023 was NT\$947,274 thousand, an increase of approximately 4% from the previous year.

Unit: NT\$1,000

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

(II) Review of Budget Implementation

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

(III) Analysis of Receipt, Expenditure, and Profitability

		2023	2022
Financial structure	Debt to Total Asset (%)	26.96	27.18
	Long Fund to Fixed Assets, Plants, and Facilities (%)	263.90	242.45
Business solvency	Current Ratio (%)	288.62	289.16
	Quick Ratio (%)	242.16	219.51
Profitability	Return on Assets (%)	10.12	10.15
	Return on Equity (%)	13.78	14.19
	NIBT to Paid In Capital (%)	67.75	63.95
	Net Profit Ratio (%)	10.44	9.55
	Earnings Per Share (NT\$1)	\$5.03	\$4.83

(IV) Research and development works

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

1. The E-Trend

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

2. The trend of Diversification

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

3. The trend of Environmental Protection

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

4. The Smart trend

Equipping door locks with smart devices has become a trend, and consumers are also looking forward to the integration of smart home platforms so that various smart devices can interact with each other on the same platform to achieve more automated home control.

When the development of science and technology and the need of consumer

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

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

1. The construction of our new factory in Thailand

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

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

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

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

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

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

Chairman: LIN, Jui-Chang

General Manager: CHEN, Chien-Kun

Accounting Officer: WU, Hui-Min

【Attachment II Audit Committee's Review Report】

Report of Audit Committee to the Annual Shareholders' Meeting

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

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

March 6th, 2024

Audit Committee of Taiwan Fu Hsing Industrial Co., Ltd.

Convener: Chang, Ling-Ling

【Attachment III CPA's Audit Report and 2023 Financial Statements】

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

PWCR23000431

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

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. (the "Company") as at December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other matter section), the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2023 and 2022, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Cut-off on export sales recognition

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

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

How our audit addressed the matter

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

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

Allowance for Inventory Valuation Loss

Description

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

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

How our audit addressed the matter

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

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

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

Other Matters - The report of other independent accountants

We did not audit the financial statements of certain investments accounted for under the equity method which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these associates, is based solely on the reports of the other auditors. The balance of these investments accounted for under the equity method amounted to NT\$70,352 thousand and NT\$58,372 thousand, constituting 1% of the total assets as at December 31, 2023 and 2022, respectively, and the comprehensive income recognised from associates and joint ventures accounted for under the equity method amounted to NT\$11,980 thousand and NT\$15,622 thousand, constituting 1% of the total comprehensive income for the years then ended.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

exercise professional judgement and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Chun-Kai

Wu, Chien-Chih

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 6, 2024

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

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

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

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 561,344	6	\$ 925,229	11
1110	Financial assets at fair value through profit or loss - current	6(2)	840,445	10	136,718	2
1136	Current financial assets at amortised cost	6(3) and 8	11,935	-	41,582	-
1150	Notes receivable, net	6(4)	24,646	-	23,194	-
1170	Accounts receivable, net	6(4)	1,277,476	15	1,045,739	13
1180	Accounts receivable - related parties	6(4) and 7	1,037	-	6,645	-
1210	Other receivables - related parties	7	1,173	-	771	-
130X	Inventories	5 and 6(5)	336,916	4	461,344	6
1476	Other current financial assets		3,520	-	1,451	-
1479	Other current assets, others		45,345	1	72,779	1
11XX	Current Assets		3,103,837	36	2,715,452	33
Non-current assets						
1517	Non-current financial assets at fair value through other comprehensive income	6(6)	465,172	5	498,594	6
1550	Investments accounted for under equity method	6(7)	3,650,338	42	3,535,978	43
1600	Property, plant and equipment	6(8)	1,287,324	15	1,322,146	16
1755	Right-of-use assets	6(9)	43,730	1	44,852	1
1780	Intangible assets		5,727	-	715	-
1840	Deferred income tax assets	6(21)	64,450	1	46,024	1
1980	Other non-current financial assets		38,414	-	10,919	-
1990	Other non-current assets, others		2,151	-	6,580	-
15XX	Non-current assets		5,557,306	64	5,465,808	67
1XXX	Total assets		\$ 8,661,143	100	\$ 8,181,260	100

(Continued)

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

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022			
			AMOUNT	%	AMOUNT	%		
Current liabilities								
2170	Accounts payable		\$	335,322	4	\$	306,930	4
2180	Accounts payable - related parties	7		483,020	6		351,814	4
2200	Other payables	6(10)		449,907	5		504,761	6
2220	Other payables - related parties	7		30,404	-		29,933	1
2230	Current income tax liabilities			124,421	1		93,516	1
2399	Other current liabilities, others			15,090	-		15,000	-
21XX	Current Liabilities			1,438,164	16		1,301,954	16
Non-current liabilities								
2570	Deferred income tax liabilities	6(21)		158,076	2		162,673	2
2580	Non-current lease liabilities			39,278	-		42,159	1
2640	Accrued pension liabilities	6(11)		43,696	1		29,437	-
2645	Guarantee deposits received			817	-		-	-
25XX	Non-current liabilities			241,867	3		234,269	3
2XXX	Total Liabilities			1,680,031	19		1,536,223	19
Equity								
Share capital								
3110	Share capital - common stock	6(12)		1,884,521	22		1,884,521	23
Capital surplus								
3200	Capital surplus	6(13)		567,114	6		567,114	7
Retained earnings								
3310	Legal reserve	6(14)		1,361,922	16		1,268,103	16
3320	Special reserve			87,897	1		193,516	2
3350	Unappropriated retained earnings			3,217,413	37		2,819,680	34
Other equity interest								
3400	Other equity interest	6(15)	(	137,755)	(1)	(	87,897)	(1)
3XXX	Total equity			6,981,112	81		6,645,037	81
Significant contingent liabilities and unrecognised contract commitments								
Significant events after the balance sheet date								
3X2X	Total liabilities and equity		\$	8,661,143	100	\$	8,181,260	100

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

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		Year ended December 31					
Items	Notes	2023		2022			
		AMOUNT	%	AMOUNT	%		
4000 Sales revenue	6(16) and 7	\$ 6,670,652	100	\$ 6,758,383	100		
5000 Operating costs	6(5)(11)(19)(20) and 7	(5,363,437)	(80)	(5,622,682)	(83)		
5900 Net operating margin		1,307,215	20	1,135,701	17		
Operating expenses	6(11)(19)(20) and 7						
6100 Selling expenses		(198,913)	(3)	(186,960)	(3)		
6200 General & administrative expenses		(260,226)	(4)	(233,872)	(3)		
6300 Research and development expenses		(104,169)	(2)	(101,606)	(2)		
6450 Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	12(2)	(823)	-	1,021	-		
6000 Total operating expenses		(564,131)	(9)	(521,417)	(8)		
6900 Operating profit		743,084	11	614,284	9		
Non-operating income and expenses							
7100 Interest income		22,370	-	16,139	-		
7010 Other income	6(17)	52,045	1	28,990	-		
7020 Other gains and losses	6(18)	6,744	-	143,079	2		
7050 Finance costs		(819)	-	(211)	-		
7070 Share of profit of associates and joint ventures accounted for using equity method, net		333,097	5	301,900	5		
7000 Total non-operating income and expenses		413,437	6	489,897	7		
7900 Profit before income tax		1,156,521	17	1,104,181	16		
7950 Income tax expense	6(21)	(209,247)	(3)	(194,422)	(3)		
8200 Profit for the year		\$ 947,274	14	\$ 909,759	13		
Other comprehensive income							
Components of other comprehensive income that will not be reclassified to profit or loss							
8311 Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	(\$ 18,674)	-	\$ 38,804	-		
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(6)(15)	(33,422)	(1)	59,937	1		
8330 Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss		109	-	(2,634)	-		
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	3,735	-	(7,760)	-		
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(48,252)	(1)	88,347	1		
Components of other comprehensive income that will be reclassified to profit or loss							
8361 Other comprehensive income, before tax, exchange differences on translation	6(15)	54,736	1	181,266	3		
8380 Total Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		(71,172)	(1)	(135,560)	(2)		
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		(16,436)	-	45,706	1		
8300 Other comprehensive income for the year		(\$ 64,688)	(1)	\$ 134,053	2		
8500 Total comprehensive income for the year		\$ 882,586	13	\$ 1,043,812	15		
Basic earnings per share (in dollars)							
9750 Total basic earnings per share	6(22)	\$ 5.03		\$ 4.83			
9850 Total diluted earnings per share		\$ 4.93		\$ 4.70			

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

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

TAIWAN FU HSING INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Retained Earnings			Other equity interest		Total equity
				Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	
<u>2022</u>									
Balance at January 2022		\$ 1,884,521	\$ 567,114	\$ 1,199,351	\$ 207,950	\$ 2,388,090	(\$ 228,320)	\$ 34,804	\$ 6,053,510
Net income for 2022		-	-	-	-	909,759	-	-	909,759
Other comprehensive income for 2022	6(6)(15)	-	-	-	-	28,410	45,706	59,937	134,053
Total comprehensive income		-	-	-	-	938,169	45,706	59,937	1,043,812
Distribution of 2021 earnings:									
Legal reserve		-	-	68,752	-	(68,752)	-	-	-
Special reserve		-	-	-	(14,434)	14,434	-	-	-
Cash dividends	6(14)	-	-	-	-	(452,285)	-	-	(452,285)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(6)(15)	-	-	-	-	24	-	(24)	-
Balance at December 31, 2022		\$ 1,884,521	\$ 567,114	\$ 1,268,103	\$ 193,516	\$ 2,819,680	(\$ 182,614)	\$ 94,717	\$ 6,645,037
<u>2023</u>									
Balance at January 2023		\$ 1,884,521	\$ 567,114	\$ 1,268,103	\$ 193,516	\$ 2,819,680	(\$ 182,614)	\$ 94,717	\$ 6,645,037
Net income for 2023		-	-	-	-	947,274	-	-	947,274
Other comprehensive loss for 2023	6(6)(15)	-	-	-	-	(14,830)	(16,436)	(33,422)	(64,688)
Total comprehensive income		-	-	-	-	932,444	(16,436)	(33,422)	882,586
Distribution of 2022 earnings:									
Legal reserve		-	-	93,819	-	(93,819)	-	-	-
Special reserve		-	-	-	(105,619)	105,619	-	-	-
Cash dividends	6(14)	-	-	-	-	(546,511)	-	-	(546,511)
Balance at December 31, 2023		\$ 1,884,521	\$ 567,114	\$ 1,361,922	\$ 87,897	\$ 3,217,413	(\$ 199,050)	\$ 61,295	\$ 6,981,112

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

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

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

		Year ended December 31	
	Notes	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 1,156,521	\$ 1,104,181
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit loss (gain)	12(2)	823	(1,021)
Net gain on financial assets or liabilities at fair value through (profit) loss	6(18)	(16,879)	5,212
Depreciation expense	6(8)(9)(19)	79,060	62,159
Amortization expense	6(19)	1,136	2,309
Share of profit or loss of associates and joint ventures accounted for using equity method		(333,097)	(301,900)
Dividend income	6(17)	(33,952)	(25,900)
Interest income		(22,370)	(16,139)
Interest expense		819	211
Gain on disposal of investments	6(18)	(5,706)	(672)
Impairment loss on non-financial assets	6(7)(18)	23,670	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities at fair value through profit or loss		(681,141)	(98,882)
Notes receivable		(1,452)	3,772
Accounts receivable		(232,560)	45,094
Accounts receivable - related parties		5,608	41,804
Other receivables - related parties		(402)	110
Inventories		124,428	223,379
Other financial assets - current		(1,860)	(217)
Other current assets - others		27,434	(14,722)
Changes in operating liabilities			
Accounts payable		28,392	(132,157)
Accounts payable - related parties		131,206	(28,961)
Other payables		40,837	54,971
Other payables - relayed parties		470	(25,624)
Other current liabilities - others		18	(9,724)
Net defined benefit liability, non-current		(4,415)	(8,719)
Cash inflow generated from operations		286,588	878,564
Dividends received		331,819	83,591
Interest received		22,161	15,108
Interest paid		(819)	(211)
Income tax paid		(197,630)	(134,846)
Net cash flows from operating activities		442,119	842,206

(Continued)

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

		Year ended December 31	
		Notes	
		2023	2022
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of financial assets at amortised cost		(\$ 56,736)	(\$ 153,456)
Proceeds from disposal of financial assets at amortised cost		86,383	175,968
Acquisition of financial assets at fair value through other comprehensive income		-	(55,789)
Proceeds from disposal of financial assets at fair value through other comprehensive income		-	84
Acquisition of investments accounted for using equity method	6(7)	(320,190)	-
Proceeds from capital reduction of investments accounted for using equity method	6(7)	201,065	-
Acquisition of proerty, plant and equipment	6(23)	(126,455)	(450,394)
Increase in prepaid equipment		(7,924)	(28,031)
Acquisition of intangible assets		(6,148)	(275)
Increase in other financial assets - non-current		(27,495)	-
Net cash flows used in investing activities		(257,500)	(511,893)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Payments of lease liabilities		(2,810)	-
Increase in guarantee deposits received		817	-
Cash dividends paid	6(14)	(546,511)	(452,285)
Net cash flows used in financing activities		(548,504)	(452,285)
Net decrease in cash and cash equivalents		(363,885)	(121,972)
Cash and cash equivalents at beginning of year	6(1)	925,229	1,047,201
Cash and cash equivalents at end of year	6(1)	<u>\$ 561,344</u>	<u>\$ 925,229</u>

The accompanying notes to the individual financial statements are an integral part of the individual financial statements. Please refer to them as well.

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

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

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Fu Hsing Industrial Co., Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to the Other matter section), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Cut-off of export sales revenue recognition

Description

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

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

How our audit addressed the matter

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

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

Allowance for inventory valuation losses

Description

Please refer to Note 4(13) for accounting policies on inventory valuation, Note 5 for the uncertainty of accounting estimates and assumptions applied on inventory valuation, and Note 6(5) for details of inventory valuation.

The Group recognised inventories at the lower of cost and net realisable value. As there are many types of inventory, the net realisable value which was used in the individual identification and valuation of obsolete or damage inventory, involved subjective judgement and uncertainty of estimation. Thus, we

consider the allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

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

- A. We assessed the reasonableness of provision policies and procedures on allowance for inventory valuation losses, including inventory clearance, the reasonableness of obsolete inventory, and the consistency of accounting estimates; and
- B. We verified that the information on the inventory valuation loss statement was consistent with its policies, randomly checked individual inventory number and inventory clearance, and then assessed the appropriateness of allowance for inventory valuation losses.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT\$95,555 thousand and NT\$69,483 thousand, constituting 0.99% and 0.75% of the consolidated total assets as at December 31, 2023 and 2022, respectively, and the operating revenue amounted to NT\$12,287 thousand and NT\$16,736 thousand, constituting 0.14% and 0.18% of the consolidated total operating revenue for the years then ended, respectively.

Other matter – Parent company only financial reports

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

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5.Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6.Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Wang, Chun-Kai

Wu, Chien-Chih

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 6, 2024

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

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

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

(Continued)

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

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

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

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

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

(Continued)

TAIWAN FU HSING INDUSTRIAL CO. LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

		Year ended December 31							
		2023		2022					
Items	Notes	AMOUNT	%	AMOUNT	%				
Other comprehensive income									
Components of other comprehensive income that will not be reclassified to profit or loss									
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(14)							
		(\$	18,537)	-	\$	35,512	-		
8316	Unrealised gain or loss on financial assets at for value through other comprehensive income	6(7)(18)							
		(	33,422)	(	1)	59,937	1		
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(23)							
			3,707		-	(	7,102)		-
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
			(	48,252)	(	1)	88,347		1
Components of other comprehensive income that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations	6(18)							
			(	15,569)		-	45,914		-
8300	Total other comprehensive income for the year								
			(\$	63,821)	(	1)	\$	134,261	1
8500	Total comprehensive income for the year								
			\$	885,802		10	\$	1,048,815	11
Profit, attributable to:									
8610	Owners of the parent		\$	947,274		11	\$	909,759	10
8620	Non-controlling interest			2,349		-		4,795	-
			\$	949,623		11	\$	914,554	10
Comprehensive income attributable to:									
8710	Owners of the parent		\$	882,586		10	\$	1,043,812	11
8720	Non-controlling interest			3,216		-		5,003	-
			\$	885,802		10	\$	1,048,815	11
Earnings per share (in dollars)						6(24)			
9750	Total basic earnings per share		\$			5.03	\$		4.83
9850	Total diluted earnings per share		\$			4.93	\$		4.70

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

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

Equity attributable to owners of the parent										
<div>Retained Earnings<div>Other equity interest</div></div>										
		Capital surplus, additional paid-in capital			Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income		Non-controlling interest	Total equity
Notes	Share capital - common stock		Legal reserve	Special reserve				Total		
Year ended December 31, 2022										
Balance at January 2022	\$ 1,884,521	\$ 567,114	\$ 1,199,351	\$ 207,950	\$ 2,388,090	(\$ 228,320)	\$ 34,804	\$ 6,053,510	\$ 59,410	\$ 6,112,920
Net income for 2022	-	-	-	-	909,759	-	-	909,759	4,795	914,554
Other comprehensive income for 2022	6(7)(18)	-	-	-	28,410	45,706	59,937	134,053	208	134,261
Total comprehensive income	-	-	-	-	938,169	45,706	59,937	1,043,812	5,003	1,048,815
Distribution of 2021 earnings:										
Legal reserve	-	-	68,752	-	(68,752)	-	-	-	-	-
Special reserve	-	-	-	(14,434)	14,434	-	-	-	-	-
Cash dividends	6(17)	-	-	-	(452,285)	-	-	(452,285)	-	(452,285)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(3,650)	(3,650)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	6(7)(18)	-	-	-	24	-	(24)	-	-	-
Balance at December 31, 2022	\$ 1,884,521	\$ 567,114	\$ 1,268,103	\$ 193,516	\$ 2,819,680	(\$ 182,614)	\$ 94,717	\$ 6,645,037	\$ 60,763	\$ 6,705,800
Year ended December 31, 2023										
Balance at January 2023	\$ 1,884,521	\$ 567,114	\$ 1,268,103	\$ 193,516	\$ 2,819,680	(\$ 182,614)	\$ 94,717	\$ 6,645,037	\$ 60,763	\$ 6,705,800
Net income for 2023	-	-	-	-	947,274	-	-	947,274	2,349	949,623
Other comprehensive income for 2023	6(7)(18)	-	-	-	(14,830)	(16,436)	(33,422)	(64,688)	867	(63,821)
Total comprehensive income	-	-	-	-	932,444	(16,436)	(33,422)	882,586	3,216	885,802
Distribution of 2022 earnings:										
Legal reserve	-	-	93,819	-	(93,819)	-	-	-	-	-
Special reserve	-	-	-	(105,619)	105,619	-	-	-	-	-
Cash dividends	6(17)	-	-	-	(546,511)	-	-	(546,511)	-	(546,511)
Change in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	(5,049)	(5,049)
Balance at December 31, 2023	\$ 1,884,521	\$ 567,114	\$ 1,361,922	\$ 87,897	\$ 3,217,413	(\$ 199,050)	\$ 61,295	\$ 6,981,112	\$ 58,930	\$ 7,040,042

The accompanying notes to the consolidated financial statements are an integral part of the consolidated financial statement. Please refer to them as well.

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

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

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

(Continued)

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

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

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

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

【Attachment IV Table of Earnings Distribution in 2023】

Taiwan Fu Hsing Industrial Co., Ltd.

Table of 2023 Earnings Distribution

Unit: NT\$1

Beginning retained earnings		2,284,967,064
Add: 2023 net profit after tax	947,274,008	
2023 Other comprehensive income/loss	(14,829,988)	
Disposal of equity instruments measured at fair value through other comprehensive gains and losses, and the accumulated gains and losses are directly transferred to retained earnings	0	932,444,020
Substrate: provision of 10% legal reserve		(93,244,402)
Provision of Special reserve		(49,858,173)
Distributable net profit		3,074,308,509
Distribution items:		
Cash dividend to shareholders (\$3.0/share)		(565,356,510)
Ending un-distributed earnings		2,508,951,999

Note:

- 1.The year's earnings should be distributed firstly from the 2023 net profits after tax.
- 2.According to the regulatory requirements in the Correspondence Jin-Guan-Zheng-Fa-Zi No. 1010012865 dated 2012.4.6, because the Company chose to adopt the I.F.R.S. No.1 Exemption, a special reserve of \$48,991,656 was appropriated based on retained earnings transferred from accumulative equity adjustments.
- 3.The amount of cash dividend distribution was calculated based on the total outstanding shares of 188,452,170 on Dec. 31st, 2023.

Chairman: Lin, Jui-Chang

Manager: Chen, Chien-Kun

Accounting Officer: Wu, Hui-Min

【 Attachment V Details of Director’s Non-Compete Clause 】

Title	Name	Name of Other Company	Position
Designee of corporate director	LIN, Tzu-Hsuan	Arctek (Shanghai) Safety Protection Technology Co., Ltd.	Chairman (representative of Formflex Metal Industrial (Changshu) Co., Ltd.)
		Fortress Industrial Co., Ltd.	Director (representative of Taiwan Fu Hsing Industrial Co., Ltd.)
		Sunion Technology Co., Ltd.	Director (representative of Taiwan Fu Hsing Co., Ltd.)
		FU SING INDUSTRIAL (THAILAND) CO., LTD.	Chairman

Appendix

【Appendix I Articles of Incorporation】

Taiwan Fu Hsing Industrial Co., Ltd. Articles of Incorporation

Chapter 1 General Principles

Article 1: The Company is incorporated in accordance with the Company Act and shall have the name of Taiwan Fu Hsing Industrial Co., Ltd.

Article 2: The Company shall conduct business in the following areas:

- 1.CA04010 Metal Surface Treating
- 2.CA02070 Lock Manufacturing
- 3.CA02990 Other Fabricated Metal Products Manufacturing Not Elsewhere Classified
- 4.CD01030 Automobiles and Parts Manufacturing
5. CD01040 Motor Vehicles and Parts Manufacturing
6. F214030 Retail Sale of Motor Vehicle Parts and Supplies
7. CQ01010 Die Manufacturing
8. F206030 Retail Sale of Die
9. F401021 Restrained Telecom Radio Frequency Equipment and Materials Import
10. CC01101 Restrained Telecom Radio Frequency Equipment and Materials Manufacturing
11. CA02080 Metal Forging Industry
12. CA01090 Aluminum Casting Manufacturing
13. CA01990 Other Non-Ferrous Metal Basics Industries
14. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company has its head-office in Kaohsiung City. Subject to the resolution of the Board of Directors, the Company may, if necessary, set up subsidiaries in any other places.

Article 3-1: The Company may make any investment in other businesses in a total amount not restricted by the Company Act, provided that any long-term equity investment shall be made with the resolution of the Board of Directors.

Article 3-2: The Company may make guarantees to other companies to meet business needs.

Article 4: (Aborted)

Chapter 2 Shares

- Article 5: The total capital of the Company is two billion four hundred twenty four million New Taiwan Dollars divided into two hundred forty two million shares, at ten New Taiwan Dollars per share, issued in installments by the Board of Directors under authorization. Of the total capital, one hundred million dollars, divided into ten million shares, at ten dollars per share, is reserved for issuance of stock warrants, preferred shares with warrants or equity warrant bonds, and may be issued in installments by resolution of the Board of Directors.
- Article 5-1: The Company may, at the request by Taiwan Depository & Clearing Corporation, change to issue all securities of greater par value to meet the requirement of stock process.
- Article 6: Shares certificates of the Company shall be in registered form, affixed with signatures or seals of three or more directors, and shall be issued after certification by the laws. The Company may elect not to have share certificate printed on the shares issued.
Shares issued by the previous passage shall be registered with the institution for securities depository.
- Article 7: The Company shall register the names and addresses of its shareholders in the list of shareholders and keep their seal specimens at the Company for record. Share dividend collection or exercise of other rights shall all be processed with such seal, which, if damaged, lost or changed, shall be processed by the “Regulations Governing the Administration of Shareholder Services of Public Companies” set out by the authority concerned.
- Article 8: Application for transfer or pledge of shares shall be filed by the transfer and the transferee, or the pledger and pledgee, both signing their names, with the Company to change account names or register the rights pledged. Where a shareholder obtains the stock via inheritance, gift or other legal reasons, shall further attach necessary legal documents. No transfer, inheritance or gift of the shares may be asserted against the Company without having been recorded in the shareholders’ register, with the name of the receiver put and the Company’s seal affixed on the stocks.
- Article 9: Where a stock certificate is lost, the applicant shall notify the Company of the situation and apply, within five days, to the courts under the Code of Civil Procedure for public announcement of the event. When the court ruling of the stock certificates being void is made, the applicant shall apply to the Company for issuance of replacement stocks by

attaching documents evidencing such court judgment.

The Company may commission a stock transfer agency to process the registration, change, transfer, pledge and declaration of loss of the shareholders and share certificates referred to in the previous passage.

Article 10: The Company may charge for the cost as appropriate on the transfer of stocks or replacement issuance for a loss, or re-issuance for reason of consolidation, division, destruction, etc.

Article 11: All transfers of the shares of the Company will be suspended within sixty days prior to the meeting date of the general shareholders meeting, thirty days prior to the meeting date of the special shareholders meeting, or five days prior to the date of distribution of dividend, bonus or other benefits.

Chapter 3 Shareholders' Meetings

Article 12: Shareholders' meetings shall be of two types, general meetings and special meetings. General meetings shall be convened at least once a year, within six months from the end of each fiscal year. Special meetings shall be convened in accordance with the law, whenever necessary.

Article 13: Shareholders may designate a proxy to attend a shareholders' meeting with a power of attorney printed and released by the Company, signed and affixed with the seal specimen kept at the Company by the shareholders in accordance with "Regulations regarding the use of proxy in shareholders' meetings of public firms".

Article 14: The shareholders' meeting is presided by the president of the Board of Directors or proceeds by Article 208 of the Company Act in the case that the president is on leave or is absent for any reason.

Article 15: Except those shares being restricted or excluded under the Company Act, each share of the Company has one voting right.

Article 16: Except otherwise provided by relevant laws, a resolution of the shareholders' meeting shall be adopted by the majority of the votes represented by the attending shareholders who hold the majority of the Company's issued shares.

Article 17: The resolution adopted by the shareholders meeting shall be recorded as minutes, signed by or affixed with the seal of the

chairperson and distributed to shareholders within twenty (20) days after the meetings.

The preparation and distribution of the meeting's minutes referred to in the preceding paragraph may be made electronically.

The distribution of the meeting's minutes referred to in the first paragraph may be made by public pronouncement.

Chapter 4 Directors and Audit committee

Article 18: The Company shall have seven to ten directors in the Board, who will be elected from among the persons with disposing capacity by the Board of Shareholders. The term of office for directors is three years. The company adopts candidate nomination system in accordance with the Company Act. Shareholders should elect directors from among the directors—candidate list according to Article 198 and Article 192-1 of the Company Act. Directors are eligible for re-election. Among the Board seats, shareholders should elect at least two independent directors, and the total number of independent directors should not be less than one fifth of the total board seats. The terms “professional qualification”, “shareholding”, “concurrent serving restriction”, and “independency” in relation to independent directors shall have the meanings as determined under regulations made by the securities supervisory body.

The total number of registered shares of the Company held by all directors shall be handled subject to the regulations of the securities supervisory body.

The directors of the company shall be elected in accordance with Article 198 of the Company Act, with independent and non-independent directors elected at the same time, but in separately calculated numbers. Candidates receiving more votes are elected as the company's directors and independent directors.

Article 18-1: (Aborted)

Article 18-2: The Company set up the Audit Committee in accordance with laws

and regulations. The Audit Committee is composed of the entire number of the independent directors. The exercise of powers and other things to follow by the Audit Committee shall be handled in accordance with competent authority.

Article 19: When the number of vacancies in the Board of Directors equals to one-third of the total number of directors, , the Board of Directors shall call, within sixty days, a special meeting of shareholders to elect succeeding directors to fill the vacancies. The term of office of the directors-elect shall be limited to the original term.

Article 20: The Board of Directors shall be formed by directors. The President of the Company shall be elected from among the directors by a majority vote at the meeting attended by two-third of the directors to execute all the Company's affairs by the laws, Articles of Incorporation and resolutions of the shareholders' meeting and the Board of Directors.

Article 20-1: The meeting of Board of Directors shall be convened by given notice in writing and by mail, by e-mail or via fax to the directors seven days in advance, or, in case of urgency, may be convened at any time.

Article 21: The Board of Directors decides in the guidance for the Company's operation and other major matters. The very first meeting of Board of Directors in its term shall be convened and presided by the director who had the most votes; any other meeting of Board of Directors shall be convened and presided by the president of the Board, who, when unable to exercise his duties, will appoint a director to convene and preside a meeting; if such appointment is not made, one is elected from among the directors to take the place.

Article 22: Unless otherwise provided by relevant laws, a resolution of the Board of Directors shall be made with the approval by a majority at the meeting attended by more than half of the directors. When a director is unable to attend a meeting, he may produce the power of attorney printed and issued by the Company, stating the scope of authorization regarding the reason of convention to appoint one attending director on his behalf, provided that a director shall be on behalf of only one person.

A resolution shall be recorded in the minutes of meeting, signed by

the President or affixed with his seal to be permanently preserved during the existence of the Company.

Article 23: (Aborted)

Article 23-1: The Board of Directors is authorized to decide the remuneration for directors based on the extent to which they are involved in the Company's operation and the value of their contribution, to be paid for by reference of those common in similar industries.

Chapter 5 Management

Article 24: The Company may have managers, whose appointment, removal, and remuneration shall be made subject to the provisions in Article 29 of the Company Act.

Chapter 6 Accounting and distribution of surplus

Article 25: The fiscal year of the Company is the regular calendar year; the end of each year is the accounting closing period. After the end of each fiscal year, the Board of Directors shall prepare by the law the following accounting final reports and submit to the shareholders' meeting for acknowledgment.

1. Business report;
2. Financial statements;
3. Proposal for allocation of surplus profits or making up loss.

Article 26: Aborted.

Article 26-1: 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 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.

The aforementioned current fiscal year's profit is referring to the net income before tax of the current fiscal year before deducting the distribution of remunerations to employees and directors.

The proposal of remuneration to employees and directors should be resolved during the Board of Directors' Meeting with more than two third of directors presence in the meeting and approvals from at least one half of the presenting directors. The resolved proposal shall report to the shareholders during the Shareholders' Meeting.

Article27: 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 it becomes necessary, a special reserve should be appropriated or reversed in accordance with laws and regulations.

When the Company makes provision for special reserve in accordance with the law, an equivalent amount of special reserve shall be allocated from the amount from undistributed earnings in the previous period to make up the insufficient provision of "net deduction to other equities accumulated in the previous period" before distributing earnings. If there remains any insufficiency, it shall be allocated from the undistributed earnings from the current period, which comprises the after-tax earnings in this period and profits other than after-tax earnings in this period.

After the special surplus reserve is set aside or reversed in accordance with laws and regulations, the remaining surplus is added into the undistributed surplus at the beginning of the same period to be the accumulated distributable earnings for shareholders. The board of directors shall prepare a distribution proposal and submits it to the shareholders' meeting for resolution.

The Company authorizes the board of directors to distribute all or part of dividends and bonuses, capital reserve or legal reserve, if in cash, with more than two-thirds of the directors present and a resolution of more than half of the directors presenting in the meeting, and report in 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 cash or with stock, only that the cash dividend must not be less than fifty percent of the total payout.

Article 28: Aborted.

Chapter 7 Supplementary Regulations

Article 29: Matters not provided in these Articles of Incorporation shall be handled in accordance with the Company Act.

Article 30: The Company's organization regulations and procedures are set out separately by the resolution of the Board of Directors.

Article 31: These Articles of Incorporation were enacted on October 20, 1957; First amendment on February 9, 1964; Second amendment on December 20, 1970; Third amendment on April 20, 1975; Fourth amendment on April 26, 1976; Fifth amendment on January 17, 1981; Sixth amendment on March, 1, 1981; Seventh amendment on October 8, 1983; Eighth amendment on April 6, 1984; Ninth amendment on June 23, 1984; 10th amendment on April 6, 1986; 11th amendment on June 3, 1986; 12th amendment on July 24, 1989; 13th amendment on May 10, 1990; 14th amendment on June 25, 1991; 15th amendment on December 30, 1991; 16th amendment on June 16, 1992; 17th amendment on December 17, 1992; 18th amendment on June 17, 1993; 19th amendment on April 27, 1994; 20th amendment on October 26, 1994; 21st amendment on April 22, 1995; 22nd amendment on May 22, 1996; 23rd amendment on April 19, 1997; 24th amendment on April 16, 1999; 25th amendment on May 19, 2000; 26th amendment on May 22, 2001; 27th amendment on May 31, 2002; 28th amendment on May 31, 2005; 29th amendment on May 30, 2006; 30th amendment on May 30, 2008; 31st amendment on May 27, 2009; 32nd amendment on May 27, 2010; 33rd amendment on June 15, 2011; 34th amendment on June 15, 2012; 35th amendment on June 17, 2015; 36th amendment on June 24, 2016; 37th amendment on June 21, 2019; 38th amendment on May 28, 2020; 39th amendment on May 27th, 2022.

Taiwan Fu Hsing Industrial Co., Ltd.
Lin, Jui-Chang
Chairman

【Appendix II Rules and Procedures of Shareholders Meeting】

Taiwan Fu Hsing Industrial Co., Ltd.

Rules and Procedures of Shareholders Meeting

Article 1 (Basis)

In order to establish a sound governance system of the Company's shareholders' meeting, fulfill monitoring and reinforce managerial function, these rules are set forth in accordance with Article 5 of the "Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies" for observance.

Unless otherwise provided by laws or articles, the Company's shareholders' meeting shall be conducted in accordance with these rules and procedures.

Article 2 (Convention and notice of Shareholders' Meeting)

Unless otherwise provided by relevant laws, the Company's Shareholders' Meeting shall be convened by the Board of Directors.

The Company shall prepare, in electronic form, a notice of Shareholders' Meeting, power of attorney form, relevant approvals, agenda, reasons and explanations of issues such as election or dismissal of directors and post on the website of open data 30 days prior to a general meeting or 15 days prior to a special meeting. The Company shall also post the manual of procedures of Shareholders' Meeting and supplementary materials on the meeting in electronic form on the same website 21 days prior to a general meeting or 15 days prior to a special meeting. The said manual and supplementary materials shall be made available 15 days prior to a Shareholders' Meeting to shareholders at request at any time and be displayed at the site of the Company and its appointed stock agency and shall be handed out at the venue of the meeting.

Notices and announcements shall expressly contain the reason of convention; a notice may be made electronically with the consent from the recipients.

Election or dismissal of directors, modifications to the articles of incorporation, corporate disbandment, merger, division or the matters specified in Paragraph 1, Article 185 of the Company Act and Article 26-1 and Article 43-6 of the Securities and Exchange Act, and Article 56-1 and Article 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be itemized in the reasons of convention and may not be proposed as ad hoc motions.

Shareholders holding one percent or more of the total issued shares may propose in writing to the Company a proposal for discussion at a general meeting, provided that only one matter shall be allowed in each single proposal.

The Board of Directors may dismiss any proposal by the shareholder(s) that is in any of the cases provided in Paragraph 4, Article 172-1 of the Company Act.

Prior to the date on which share transfer registration is suspended before the convention of a regular shareholders' meeting, the company shall give a public notice announcing the place and the period for shareholders to submit proposals to be discussed at the meeting; and the period for accepting such proposals shall not be less than ten days.

The number of words of a proposal submitted by a shareholder shall be limited to not more than three hundred (300) words, and any proposal containing more than 300 words shall not be included in the agenda of the shareholders' meeting. The shareholder who has submitted a proposal shall attend, in person or by a proxy, the regular shareholders' meeting and take part in the discussion of such proposal.

The Company shall, prior to the date of giving the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and list in the notice of shareholders' meeting the proposals conforming to the requirements set out in this Article. With regard to the shareholder

proposals that are dismissed, the cause of such dismissal and explanation shall be presented by the Board of Directors at the shareholders' meeting.

Article 3 (Proxy)

A shareholder may appoint a proxy to attend a general meeting on his behalf by producing a power of attorney prepared by the Company expressly stating the scope of power authorized to the proxy.

A shareholder may produce only one power of attorney and appoint only one proxy for each general meeting, and shall serve such power of attorney to the Company no later than five days prior to the meeting date. In case the Company receives two or more power of attorney forms from one shareholder, the first one arriving at the Company shall prevail unless it is revoked by an explicit statement.

After the service of his power of attorney of a proxy to the Company, in case the shareholder intends to attend the shareholders' meeting in person or to exercise his voting right in written or electronic form, a proxy rescission notice shall be filed with the Company at least two days prior to the date of the shareholders' meeting; otherwise, the voting power exercised by the authorized proxy at the meeting shall prevail.

Article 4 (Place and time of the meeting)

The Shareholders' Meeting shall be held where the Company is or at any other appropriate place that is convenient for the shareholders to attend. The Meeting shall commence not earlier than 9:00 a.m. no later than 3:00 p.m.

Article 5 (Preparation for sign-in)

The Company shall expressly specify on the notice of meeting the sign-in time and place and other important matters for shareholders.

The sign-in time referred to in the preceding paragraph shall open at least thirty minutes prior to the commencement of the meeting.

The place of sign-in shall be marked clearly and have adequate number of competent persons to receive the shareholders.

A shareholder in person or his proxy (hereinafter called the "Shareholder") shall attend the Shareholders' Meeting by presenting his attendance card, sign-in card or other certificate of attendance. The company must not ask for additional certified document from shareholders with the presence of the original certificate of attendance. A solicitor of power of attorney shall also carry his I.D. document for checking.

The Company shall have sign-in book for the attending shareholders to sign on, or, otherwise, they will turn in their sign-in cards instead. The Company shall hand the agenda handbook, annual report, attendance certificate, speech notes, resolution ballots and other meeting materials to the attending shareholders, and, additionally, voting ballots if election of directors is to be held.

Where the government or a corporation is a shareholder, more than one person as the proxy may attend the Shareholders' Meeting. Where a corporation attends the Meeting on behalf, only one person may attend.

Article 6 (Chairman of Shareholders' Meeting and other attendance)

Where a Shareholders' Meeting is convened by the Board of Directors, the meeting is presided by the President of the Board, or, when the President is on leave or unable to perform his duty for any reason, by the Deputy President, or, when there is no Deputy President or the Deputy President is on leave or unable to perform his duty for any reason, by an executive director designated by the President, or, if there are no executive directors, any person designated by the President, or, if the President designates none, by anyone elected from among the executive directors or the directors. Where the circumstance of an executive director or a director presiding at the Meeting as provided in the preceding paragraph, he shall have taken the office for more than six months and be comprehended of the Company's financial and business status. The

same applies when the Meeting is convened by a person who represents a corporate director.

It is advisable that a Shareholders' Meeting being convened by the company's Chairman in person and is attended by more than half of the total number of the directors personally presenting. The attendance situation shall also be recorded in the meeting minutes of the Shareholders' Meeting. A Shareholders' Meeting convened by any other person outside the Board of Directors that has the right to convene is convened by such person; when the Meeting is convened by two or more such persons, it shall be presided by one person elected from among these persons.

The Company may designate attorneys at law, accounts or related persons to attend the Shareholders' meeting.

Article 7 (Audio/video recording of the session)

The Company shall make uninterrupted audio and video recording of the process of shareholders signing in, the complete meeting session and the process of voting and ballot counting, commencing from the time of shareholders signing in.

The recording materials referred to in the preceding paragraph shall be preserved for at least one year, or, if a legal proceeding is filed by a shareholder under Article 189 of the Company Act, till such legal proceeding ends.

Article 8 (Number of attendance and meeting commencement)

Attendance at the shareholders' meeting shall be calculated on the basis of shares. The number of shares present shall be calculated based on the signature book or the returned sign-in card, plus the number of shares for which voting rights are exercised in writing or electronically.

The chairman of the Meeting shall pronounce the commencement of the meeting when it is time scheduled for meeting, and, meanwhile, announce related information regarding number of shares with no voting rights and the numbers of shares presenting in the meeting. The chairman of the meeting may announce to

postpone the meeting, when there are not enough shareholders representing more than half of the outstanding shares present in the meeting; however, the procrastination of the commencement is limited to two times and the time of postponement all together shall not exceed one hour. When the Meeting is not attended by the shareholders representing more than one third of the issued shares after procrastination twice, the Chairman will pronounce a failed convention.

When a lack of a quorum exists after procrastination for twice referred to in the preceding paragraph, but having those represent one-third or more of the total number of issued shares presenting in the meeting, a tentative resolution may be passed by a majority of those present according to Article 175, Paragraph 1 of the Company Act, and a notice of such tentative resolution shall be given to each of the shareholders, and a Shareholders' meeting shall be reconvened within one month.

If the shares represented by the shareholders present in the meeting reach half of all the issued shares while the Meeting is not ended, the chairman may establish a tentative resolution for a re-voting at the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9 (Meeting process)

The agenda of a Shareholders' Meeting shall be set by the Board of Directors and may not be changed without a resolution of the Meeting, if the meeting is convened by the Board of Directors.

Where a Shareholders' Meeting is convened by any person outside the Board of Directors with the right to convene, the provisions of the preceding paragraph may be applied.

Unless otherwise resolved at the Meeting, the chairman may not announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved. In the event that the chairman adjourns the Meeting in violation of these Rules and Procedures, the other members of the Board shall

promptly assist, following legal procedures, to elect a chairman by obtaining more than half of the presenting voting rights' vote to continue the meeting.

The chairman of the meeting shall provide sufficient description and discussion opportunities on planned proposals, proposed resolutions by shareholders or special motions, and may announce to end the discussion of any resolution and go into voting if he deems it appropriate.

Article 10 (Shareholders' speech)

When a shareholder wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's account number (or the number of Attendance card) and the name of the shareholder for the chairman to decide the sequence of speech.

If any shareholder presenting at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than twice (each time not exceeding three minutes). The chairman may stop a shareholder's speech if it violates the above provision or exceeds the scope of the discussion item.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder may interrupt the speeches of the other shareholders, otherwise the chairman shall stop such interruption.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

After the speech of a shareholder, the chairman may respond himself or appoint an appropriate person to respond.

Article 11 (Voting right; Conflict of interest)

Voting at the Shareholders' meeting is according to the count of shares.

In resolutions of the Meeting, the number of shares of the shareholders without voting right shall not be counted in the total number of issued shares.

In respect of an item at the Meeting, if a shareholder being stakeholder such that he might be against the interest of the Company, he may not take part in the voting, nor may he exercise the voting right on behalf any other shareholder.

The number of shares being denied of voting right referred to in the preceding paragraph shall not be counted in the number of voting rights by the attending shareholders.

Except for trust enterprises or shareholders' service agencies approved by competent authorities, when a person who acts as the proxy for two or more shareholders, the number of votes represented by him shall not exceed three percent of the total number of votes of the issued shares and, if in excess, the portion of excessive votes represented by such proxy shall not be counted.

Article 12 (Methods for voting, balloting scrutinizing and vote counting)

Unless restricted shares or shares with no voting right prescribed in Paragraph 2, Article 179 of the Company Act, each share of the shareholder has a voting right.

The voting power at a shareholders' meeting of the Company should be exercised by way of electronic transmission and may also be exercised in writing. When voting power is to be exercise in writing or electronically, such methods of exercise shall be expressly specified in the notice of a shareholders' meeting. A shareholder, who exercises his voting power in writing or electronically is deemed to attend the Meeting in person, but deemed to waive high right in respect of special motions and amendments to previous discussion items at the same Meeting. It is therefore advisable that the Company avoids bringing up special motions and amendments to previous discussion items.

A shareholder who is to exercise his voting power in writing or electronically referred to in the preceding paragraph shall serve his intention in writing to the Company two days prior to the Shareholders' meeting. In case the Company receives two or more such notices of intentions from one shareholder, the first one arriving at the Company shall prevail unless it is revoked by an explicit statement.

In case a shareholder wishes to attend the Shareholders' meeting in person after he has exercised his voting power in writing or electronically, he shall revoke his intention to exercise the voting power referred to in the preceding paragraph by the same method two days prior to the Shareholders' meeting; if he fails to revoke within the time given, his voting power exercised in writing or electronically shall prevail. In case a shareholder both exercise his voting power in writing or electronically and designates a proxy by producing power of attorney to attend the Shareholders' meeting, the voting power exercised by such proxy shall prevail.

Except otherwise provided by the Company Act or the Company's Articles of Incorporation, a resolution shall be passed by a majority of the votes represented by the attending shareholders. In voting, the chairman or his designated person shall announce the total number of voting rights of the attending shareholders before they cast their ballots. The number of the votes in favor of, against and waiver of that resolution shall be inputted in the website of open data on the same day of the Meeting.

A discussion item is deemed passed when none of attending shareholders expressed otherwise after the chairman enquired the entire body of attendance, and has the equal effect to one decided by voting. But, if there is any voice against such resolution, a voting by the method prescribed in the preceding paragraph shall be adopted.

If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for the amendment or

the substitute such discussion together with the original discussion item. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

At a shareholders' meeting, the voting or ballot counting at an election shall be made in a public place within the venue of the meeting; the voting results, including the statistics of rights, shall be announced on the spot after the counting is complete, and taken into records.

Article 13 (Election)

Election of directors at the Shareholders' meeting shall be held according to the Company's regulations on relevant election and appointment; the election results, including the list of the directors-elect, the numbers of their gained voting rights, list of the unsuccessful candidates and the number of their gained voting rights shall be announced on the spot.

The ballots cast in election referred to in the preceding paragraph shall be sealed in envelopes, signed by the checking persons, and preserved for at least one year, or, if a legal proceeding is filed under Article 189 of the Company Act, till such legal proceeding ends.

Article 14 (Meeting minutes and signatures)

The resolutions of the shareholders' meeting shall be recorded in the meeting minutes. Meeting minutes shall be signed or stamped by the chairman of the meeting and distributed to all shareholders within twenty days after the meeting. They may be prepared and distributed electronically.

The distribution referred to in the preceding paragraph may be performed by the Company by publishing on the website of Open Data.

The meeting minutes shall accurately record the place, day, month and year of the meeting; the name of the chairman; the voting

method, outlines of discussion process and the results thereof, and shall be preserved permanently throughout the existence of the Company.

Article 15 (Public notices)

The Company shall prepare, in the specified format, the statistic tables of the number of shares obtained by solicitors and that of proxies, and show the tables clearly in the venue of the shareholders' meeting on the meeting day.

The Company shall upload to the website of Open Data, within the time specified, the contents of the resolutions of the shareholders' meeting, if any, that contain important messages prescribed by the laws and Taiwan Stock Exchange Corporation.

Article 16 (Meeting order)

The staff members holding the shareholders' meeting shall wear a badge or armband.

The chairman may conduct the security guard to assist in keeping order of the meeting place.

Where microphones are provided in the meeting place, the chairman may refrain any shareholder that speaks by using other devices from speaking.

Shareholders who violate the rules of the meeting and refuse to obey the chairman's correction, and still obstructs the session after having been inhibited, the chairman may order the security guards to remove them from the venue.

Article 17 (Intermission)

During the meeting, the chairman may, at his discretion, announce time for intermission. In case of incident of force majeure, the chairman may decide to temporarily suspend the meeting and announce, depending on the situation, when the meeting will resume.

If the venue becomes unavailable prior to the end of the pre-scheduled agenda (including special motions), the shareholders'

meeting may resolve for an alternative venue to resume the meeting.

The shareholders' meeting may resolve within five days to suspend or to resume the meeting according to Article 182 of the Company Act.

Article 18 These Rules and Procedures shall be effective after being submitted by the board of directors and approved by the Shareholders' Meeting. The same applies in case of a revision.

【Appendix III Directors' shareholding status】

Data drawn on: March 26, 2024

Title	Name	Post Beginning Date	Term of Office	Shareholding at Date Elected		Shareholding at Book Closure Date	
				Shares	%	Shares	%
Chairman	Lin, Jui-Chang	May 26, 2023	3 years	1,624,978	0.86%	1,624,978	0.86%
Director	Chen, Chien-Kun	May 26, 2023	3 years	675,132	0.36%	675,132	0.36%
Director	Chu, Jung-Ho Representative of Fu Zih Investment Development Co., Ltd.	May 26, 2023	3 years	10,091,307	5.35%	10,091,307	5.35%
Director	Michael A.Hoer Representative of Fu Zih Investment Development Co., Ltd.	May 26, 2023	3 years	10,091,307	5.35%	10,091,307	5.35%
Director	Hong Cheng Investment Co., Ltd.	May 26, 2023	3 years	5,721,451	3.04%	5,721,451	3.04%
Director	Lin, Wen-Hsing Representative of Fu Yuan Investment Co., Ltd.	May 26, 2023	3 years	2,697,185	1.43%	2,697,185	1.43%
Director	Liu, Ju-Shan Representative of Fu Yuan Investment Co., Ltd.	May 26, 2023	3 years	2,697,185	1.43%	2,697,185	1.43%
Independent Director	Chang, Ling-Ling	May 26, 2023	3 years	0	0%	0	0%
Independent Director	Chen, Yung-Chun	May 26, 2023	3 years	0	0%	0	0%
Independent Director	Chuo, Yung-Fu	May 26, 2023	3 years	0	0%	0	0%
Total				20,810,053	11.04%	20,810,053	11.04%

Note:

Statutory minimum numbers of shares should be held by all directors: (7.5% of the issued shares, minimum 11,307,130 shares)