



Iron Force Industrial Co., Ltd.

## Annual Report

**2023**

(Translation)

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## **I. 、 Letters to Shareholders**

**Dear Shareholders,**

The global automotive market gradually rebounded in 2023, with the operating performance of the Company's automotive parts business group significantly improving. The revenue of the automotive parts business group reached a historical high in 2023, driving the overall consolidated revenue of the group to achieve a historic high as well. Global sales of electric vehicles continued to grow in 2023. The Company will continue to focus on the comprehensive "thermal management" solution for vehicle cooling, concentrate on the front-end market, and product process development to lay the groundwork for future new profit sources and capture market share.

The overall revenue and profits of the display fixtures business in 2023 remained roughly flat compared to 2022. However, we still need to closely monitor the impact of changes in consumer purchasing behavior due to the pandemic, as well as the continued development of e-commerce and online shopping, which have led to a significant decline in the global physical retail consumer market.

The results of the operating performance in 2023, the operating plan for 2024 and future corporate development strategy, the explanation is as follows:

### **I. The Operating Performance in 2023**

#### **i. The Implementation Results of The Operating Plan:**

The group's total consolidated sales revenue was NT\$ 4,894 million in 2023, net profit after tax was NT\$ 514 million, earnings per share (EPS) was NT\$6.78, which was increasing 13.57 % annually. The operating performance had a significant rebound compared to 2022.



Units : NT\$ Thousands

Item	2022	2021	Variable ratio
Sales revenue	4,894,258	4,373,785	11.90%
Gross profit	1,213,061	1,136,245	6.76%
Operating profit	560,879	450,596	24.47%
Profit before tax	705,029	605,657	16.41%
Profit for the year	513,817	452,590	13.53%
Basic earnings per share	6.78	5.97	13.57%

ii. Budget Implementation:

By operation of law, the company has not disclosed the financial forecasting for 2023 to the public, and the overall operating performance compared to the internally formulated operating plan for 2023, the revenue achievement percentage was 109%, and the next profit before tax achievement percentage was 141%.

iii Research and Development Status:

The Company's product process primarily focuses on the molding, assembly, automated production, and inspection of metal parts. Currently, our research and development direction remains consistent with our long-term strategic goals. In addition to continuously improving our existing technology and establishing innovative precision technology, the Company continuously develops technology for automatic measurement, feedback, and correction in production. It promotes the development of equipment intelligence and factory intelligence to accelerate the enhancement of added value and productivity, ensuring continuous growth in quality and profitability. Furthermore, in light of the recent and potential growth of the electric vehicle market, the Company's new product business has been actively investing in the automotive cooling field since 2019. Through industry-academic cooperation, the Company has promptly acquired advanced technology and patents. In 2020, the Company completed the construction of production bases and commenced trial production at the end of 2022, gradually increasing its revenue. The Company continues to focus on "thermal management" as the main strategy for sustainable development. Building upon its solid business foundation, the Company aims to drive new growth momentum through various research and development efforts and expansion into the automotive cooling field.



## II. Summary of Operating Plan for 2023

### i. Business Policy and Strategy:

The Company continues to actively transform its production strategy through intelligent manufacturing, integrating new technologies and techniques to continuously strengthen its core capabilities and competitiveness. At the same time, in line with the growth trend of electric vehicles, the Company strategically focuses on "thermal management" as the main axis. This key technique, developed through the Company's new business division, is targeted towards the front-end market and product technology development, aiming to seize market share in the automotive cooling industry and establish a foothold in new markets.

Internally, the Company continues to strengthen the integration and cultivation of human resources to better understand market changes, front-end technology advancements, and iterative production techniques. The Company is also committed to creating a superior working environment, laying the foundation for the sustainable management of a century-old enterprise.

### **The Automotive Component Division:**

1. The Automotive Parts Division in Poland began production in the third quarter of 2020 and is poised to ramp up shipments and improve production efficiency in 2024. It plans to introduce more high-value products to boost overall divisional capacity, strengthen collaboration with customers for timely service, seize regional markets, secure additional orders, and participate in front-end technology development, aligning with Iron Force Industrial Co., Ltd.'s global expansion strategy.
2. Iron Force Industrial Co., Ltd.'s New Business Development Division, dedicated to Automotive Heat Dissipation solutions, completed its production facility construction in the fourth quarter of 2020 and started small-scale production and shipping by the end of 2021. In 2024, the New Business Development Division aims to further increase shipments and revenue, explore new markets in automotive heat dissipation, and enhance research and development capabilities along with technical patents.
3. The entire business group conducts the allocation of resource integration, it is moving towards to the supplier of system integration, and through the continuously growth of R&D capabilities and strengthening the customer relationship management, it becomes a solution provider to customers.



### **The Display Fixture and Houseware Division:**

1. Increasing the market visibility and market share of environment-friendly products, and doing the further integration with the upstream and downstream of the industrial chain, conducting the overall resource planning, and providing the customer service with a complete operating process from the design, production and sales.
2. Using the manufacturing technique and resources of The Automotive Component Division to develop precision-processed and sustainable products and customers.
3. In response to significant environmental changes, we are consolidating our resource focus into a high-value-added operational model, transitioning towards a trade integrator model by outsourcing technical content and lower-level manufacturing processes, and expanding our market niche while ensuring sustainable management.

#### **ii. Expected Sales Volume and Reference**

The Company's automotive parts business group showed continued growth in 2023. With the ongoing increase in production volume at Iron Force Poland Sp. z o.o., and the continuous ramp-up of cooling product production, along with the existing business growth momentum, and considering factors such as anticipated customer order plans and market trend changes, the overall revenue of the automotive parts business unit in 2024 is expected to experience a minor growth compared to the same period in 2023.

The display fixture business group was impacted by the operational effects of COVID-19 on customers. Customers have slowed down or reduced new investments and decoration budgets for retail stores. Considering environmental trends, operational overview, current production capabilities, business models, and customer variations, the sales revenue for the display fixture business unit in 2024 is expected to remain steady compared to 2023.

#### **iii. Major Production and Marketing Policies**

1. Maintain long-term cooperative relationships with existing customers and actively cultivate new products and customers, effectively understanding customer needs and market trends.
2. Enhance research and development capabilities, continuously improve and advance manufacturing techniques, reduce the defect rates of mass production processes, and implement automation equipment to reduce costs.





### III. The Influence Affected by The External Competitive Environment, Regulatory Environment and General Operating Environment

Regarding the overall environmental impact: Looking ahead to 2024, changes in the overall environment include the potential economic downturn resulting from global interest rate hikes, the continued rapid development of the electric vehicle industry, the gradual decline of physical retail channels due to the advancement of e-commerce, as well as the ripple effects caused by changes in political and economic environments and fluctuations in the stock and currency markets.

The Company maintains real-time awareness of market dynamics and external conditions, formulates short, medium, and long-term operational strategies, and adapts flexibly to market fluctuations. It continues to operate prudently, steadily advancing towards the goal of sustainable development and maintaining the legacy of a century-old enterprise.

Gratitude is extended to all shareholders for their enduring support of the management team. In the post-pandemic era, the company serves as the firmest support for its sustained growth, enabling the management team to focus wholeheartedly on addressing and confronting various challenges. The group remains committed to its founding principles of "exceeding mediocrity, pursuing excellence, prioritizing quality, and fostering innovation," and strives to achieve its ultimate mission of "sustainable operation in a healthy environment, mutual growth, and profit creation," aiming to maximize the benefits of shareholders, employees, and customers.

Iron Force Industrial Co., Ltd.

Mr. HUANG, CHENG-I  
Chairman

Mr. HUANG, CHENG-CHUNG  
President

## II. Company Profile

2.1 Establishment Date: April 27, 1977

2.2 Company History

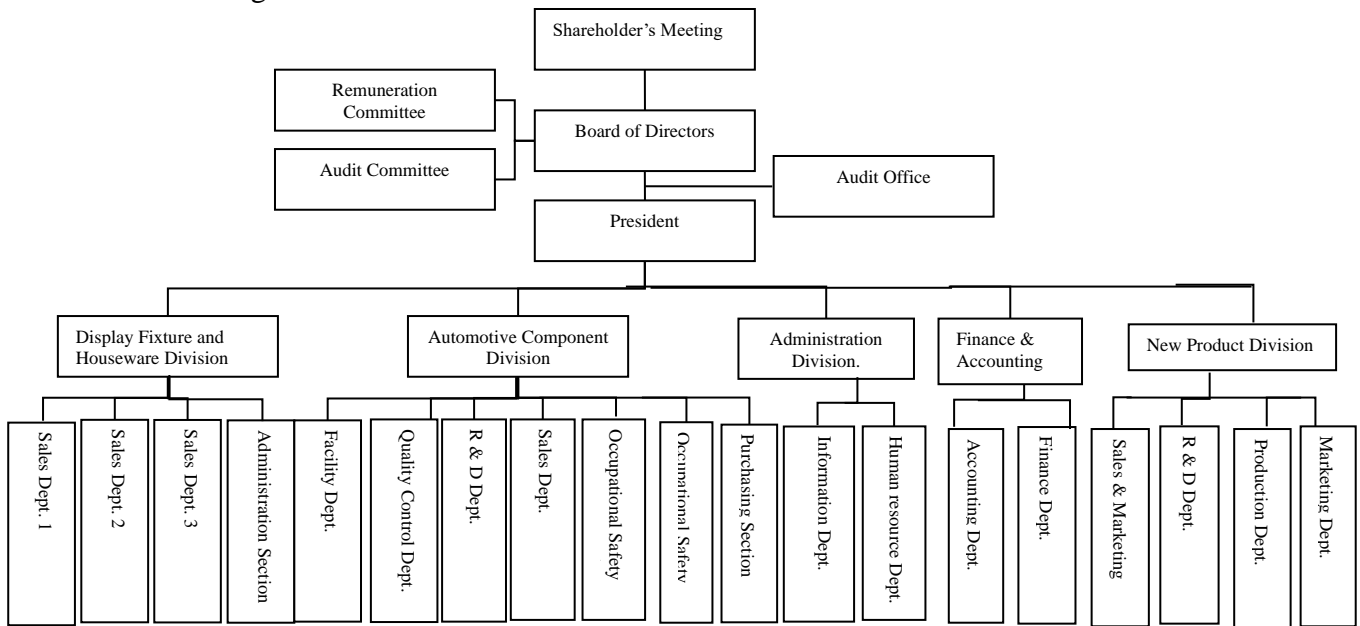
Year	Milestones
1977	Established Iron Force Industry with the capital of NT\$ 1,000,000. Establish the import and export department, and engaged in import and export trading business.
1981	Capital increased by cash, and paid-in capital reached to NT\$ 2,000,000.
1987	Established YiQun Industrial Co., Ltd. Set up factories in Yingge, and from trading to manufacturing business. Capital increased by cash, and paid-in capital reached to NT\$ 5,000,000.
1993	Officially put into processing of airbag inflator metal parts.
1994	Established the new product division to Nan-Kang Industrial Park, Nantou, and expand the mass production.
1995	Capital increased by cash, and paid-in capital reached to NT\$ 12,500,000.
1998	Mergered YiQun Industrial Co., Ltd. into Iron Force Industrial Co., Ltd. Obtained ISO9002 certification. Merger capital increased, and paid-in capital reached to NT\$ 39,150,000.
1999	Put into automatic R&D and design (currently, more than 90% are produced and assembled by automated equipment).
2000	Obtained QS9000 certification.
2001	Obtained ISO14001 certification. Obtained the 4 <sup>th</sup> Rising Star Award. Obtained the 2 <sup>nd</sup> Sustainable Development CSR Award Comprehensive electronation and imported into ERP system. Capital increased by cash, and paid-in capital reached to NT\$ 110,000,000.
2002	Obtained the 13 <sup>th</sup> Malcolm Baldrige National Quality Award
2003	Obtained the 12 <sup>th</sup> National Award of Outstanding SMEs Capital increased by cash, and paid-in capital reached to NT\$ 222,000,000.
2004	The construction of the new factory started in Nantou. Obtained ISO/TS16949 certification. Profits turned into capital increased, and paid-in capital reached to NT\$ 377,400,000.
2005	New factory has completed in Nantou in April, and complete the relocation in June. Through a third-party investment company to indirectly hold 100% of Hangzhou

- Iron Force Metal Products Co., Ltd. and Zhejiang Iron Force Metal Products Co., Ltd.
- Profits turned into capital increased, and paid-in capital reached to NT\$528,360,000.
- Through the subsidiary company-Iron Force Asia Ltd. re-invested and established the Cortec GmbH in Germany.
- 2006 Profits turned into capital increased, and paid-in capital reached to NT\$ 602,330,400.
- The new factory of the subsidiary company, Zhejiang Iron Force Metal Products Co., Ltd. was completed in HuZhou.
- The subsidiary company-Hangzhou Iron Force Metal Products Co., Ltd has approved to change the company name to Huzhou Iron Force Metal Products Co., Ltd. on July 5, and has competed to reissue the business license on September 5.
- 2007 Imported into ERP system (Tiptop)
- 2008 The subsidiary company, Hangzhou Iron Force Metal Products Co., Ltd had capital increased, and paid-in capital reached to USD\$ 3,430,000.
- 2009 The subsidiary company-Hangzhou Iron Force Metal Products Co., Ltd had capital increased, and paid-in capital reached to USD\$ 4,930,000.
- Investment and established on Xizh Iron Force Industrial Co., Ltd., and holding 80% shares until April 30, 2010.
- 2010 The subsidiary company, Huzhou Iron Force Metal Products Co., Ltd. increased capitals, and paid-in capital reached to USD\$ 8,060,00.
- New factory of Huzhou Iron Force Metal Products Co., Ltd. was breaking ground.
- Purchased the 20% outstanding shares of the subsidiary company, Xizh Iron Force Industrial Co., Ltd., and holding 100% shares.
- 2011 New factory of Huzhou Iron Force Metal Products Co., Ltd. was completed and stared in August.
- Merged Iron Force Asia
- 2012 Handed the settlements on the subsidiary company Xizh Iron Force Industrial Co., Ltd.
- Capital increased by cash, and paid-in capital reached to NT\$ 650,330,400.
- Officially became a registered company on the GreTai Securities Market.
- 2013 Capital increased by cash to 6,672,000 stocks, which reached to 71,705,040 stocks after capital increased, and paid-in capital reached to NT\$ 717,050,400.
- Became a registered company on the Taiwan Stock Exchange (TWSE) in November 25, 2013, and category of employment was “electric machinery”.
- 2015 First domestic unsecured convertible corporate bond (securities symbol: 22281) was listed on May 26.
- Capital increased by cash to 1,800,000 stocks, corporate bond converted to 476,032 common stocks, which reached to 749,810,720 stocks after capital increased, and paid-in capital reached to NT\$ 749,810,720.

- 2016 The second-phase plant of Huzhou Iron Force Metal Products Co., Ltd was completed and opened in November.
- Processing the first domestic unsecured convertible corporate bond transferred into shares of registration for issuance of new shares, and paid-in capital reached to NT\$ 757,547,500.
- 2017 Processing the first domestic unsecured convertible corporate bond transferred into shares of registration for issuance of new shares, and paid-in capital reached to NT\$ 757,802,810.
- First domestic unsecured convertible corporate bond (securities symbol: 22281) was totally completed the conversion, and suspended trading since July 13, 2017.
- Obtained IATF16949 certification.
- A Polish subsidiary, Iron Force Poland Sp.zo.o. was established in December.
- 2018 Established a new product division (NBD).
- Established 100%- owned sub-subsidiary Cortec VerWaltungs GmbH and Cortec Kunststoff Technik GmbH & Co. KG through subsidiary Cortec GmbH.
- 2019 The Taiwan Stock Exchange Corporation adjusted the category of employment into “automotive industry”.
- 2020 The Polish subsidiary, Iron Force Poland Sp.zo.o. plant started construction.
- Second domestic unsecured convertible corporate bond (securities symbol: 22282) was listed on March 9.
- The Polish subsidiary, Iron Force Poland Sp.zo.o. plant was completed and opened in June.
- 2021 The subsidiary company, Huzhou Iron Force Metal Products’ profits turned into capital increased, and paid-in capital reached to USD\$ 43,060,000.
- Imported into SAP ERP system.
- 2022 Imported into TISAX (Trusted Information Security Assessment Exchange) Accreditation.

### 3.1 Organization Structure

#### 3.1.1 Organization Chart



### 3.1.2 Major Corporate Functions

Department	Functions
Audit Office	<ol style="list-style-type: none"> <li>1. Responsible for the planning and implementation of the internal audit system.</li> <li>2. Formulate the audit plan, audit regularly and conduct regular audits and make appropriate suggestions for improvement.</li> </ol>
Administration Dept.	<ol style="list-style-type: none"> <li>1. Assist the general manager to complete the initiation and promotion of various projects.</li> <li>2. Responsible for the integration of various administrative resources for the company.</li> <li>3. Responsible for the company information, human resources, and administrative affairs.</li> </ol>
Finance and Accounting Division	<ol style="list-style-type: none"> <li>1. Responsible for the integration, planning and implementation of the company's finance and accounting.</li> <li>2. Maintain the relationship of investors.</li> </ol>
Display Fixture and Houseware Division	Responsible for the sales of display fixtures and hangers, also the cooperation with suppliers.
New Product Division	<ol style="list-style-type: none"> <li>1. Doing the research on the automotive component markets and industries, searching, evaluating selecting new products, returning on the investment and product positioning.</li> <li>2. Integrate group resources, lead new product development, formulate the specification formulation, customer quotation and sample delivery, and the planning before the mass production.</li> </ol>
Automotive Component Division	Responsible for the production and sales of automotive components such as airbag inflator sub assembly.
- Sales Dept.	<ol style="list-style-type: none"> <li>1. Expand the business on the Automotive Component Division.</li> <li>2. Develop customers and maintain the customer relationship.</li> </ol>
- Occupational Safety Management Section	<ol style="list-style-type: none"> <li>1. Responsible for the document control operations to the company.</li> <li>2. Responsible for raw materials purchasing of the Automotive Component Division.</li> <li>3. Responsible for all administrative affairs of the Automotive Component Division.</li> <li>4. Cooperate with the Administration Department to complete various project activities.</li> </ol>
- Facility Dept.	<ol style="list-style-type: none"> <li>1. Make production plans, control quality, delivery, and inventory.</li> <li>2. Production scheduling impletion, production efficiency control, and industrial safety management</li> <li>3. Maintenance of machinery equipment and improve the effectiveness of equipment.</li> <li>4. Outsourcing processing management.</li> </ol>

Department	Functions
- R & D Dept.	<ol style="list-style-type: none"> <li>1. Develop new products according to customer requirements.</li> <li>2. Formulate and implete the technology development plan of the company.</li> <li>3. Basic research management and application.</li> <li>4. Improve automated production capacities to reduce costs.</li> <li>5. Improve manufacturing processes to increase the production efficiency.</li> </ol>
- Quality Control Dept.	<ol style="list-style-type: none"> <li>1. Responsible for the import and management into the quality system.</li> <li>2. Establish and increase the ability of quality inspection.</li> <li>3. Responsible for the quality guidance of subcontractors.</li> </ol>

### 3.2 Directors, Supervisors, General Manager, Deputy General Manager, Associates, Departments and Branches Officer Information

#### 3.2.1 Directors:

#### Information of directors (A)

Units: Shares; %

Title	Nationality or place of registration	Name	Gender, age (Note4)	Date of election / appointment to current term	Term of office	Commence -ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree		
							No. of shares	Share holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relation -ship
Director	ROC	Meng Ching Investment Co., Ltd.	-	08.27, 2021	3 years	11.23,2003	19,386,486	25.58	19,386,486	25.58	—	—	—	—	—	None	None	None	None
Director representative & Chairman	ROC	HUANG, CHENG-I	Male (4)	08.27, 2021	3 years	11.23,2003	—	—	9,175	0.01	2,981	—	3,000,000 (Note 1)	3.96	Graduated from Christ's College Taipei Founder of Iron Force Industrial Co., Ltd.	Chairman of Iron Force Industrial Co., Ltd. Chairman of Fan Yang Investment Co., Ltd. Director of Hypen Industrial corp. Director of Yang Fan Investment Co., Ltd. Director of MENG CHING INVESTMENT CO., LTD. Chairman of Transtat Investment Ltd. Chairman of Zhejiang Iron Force Metal Products Co., Ltd. Chairman of Huzhou Iron Force Metal Products Co., Ltd. Principal of Cortec GmbH	General manager	HUANG, CHENG-CHUNG	Brother



Title	Nationality or place of registration	Name	Gender, age (Note4)	Date of election / appointment to current term	Term of office	Commence -ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree		
							No. of shares	Share holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relation-ship
Director representative	ROC	CHANG, YUAN-JAN	Male (3)	08.27, 2021	3 years	06.20, 2012	—	—	10,301	0.01	—	—	—	—	Master of Engineering Economic Systems in the Stanford University, USA Master of Civil Environmental Engineering in the Stanford University, USA Master of Engineering Management in the Southern Methodist University, USA Master of Mechanical Engineering in the National Chiao Tung University Senior strategic investment consultant in the CEO office of the Lite-On IT Corporation Senior deputy general manager of DelSolar Co. Director of Arch Meter Corporation Director of Taiwan Electron Microscope Instrument Corporation Director of TAICEND Technology Co., Ltd. Director of Energic Technologies Coporation Director of Alliance Materials, Inc. Director of Holdwel, Co., Ltd. Director of BELX Bio-Pharmaceutical Co. Ltd. Director of Cornucopia Innovation Corporation Independent director of Verlight Chemical Industrial Corporation Senior deputy general manager of Industrial Technology Investment Cooperation		None	None	None

Title	Nationality or place of registration	Name	Gender, age (Note4)	Date of election / appointment to current term	Term of office	Commence -ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree		
							No. of shares	Share holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relation -ship
Director	ROC	HUANG, CHENG-CHUNG	Male (3)	08.27, 2021	3 years	11.23, 2003	—	—	32,534	0.04	—	—	4,942,980 (Note 2)	6.52	Graduated from Shih Hsin School of Journalism Sales manager of Iron Force Industrial Co., Ltd.	President of Iron Force Industrial Co., Ltd. Chairman of Zheng Yu Investment Co., Ltd. Director of Hyphen Industrial Corp. Director of Meng Ching Investment co., ltd. Director of Transtat Investment Ltd. Chairman of Zhejiang Iron Force Metal Products Co., Ltd. Chairman of Huzhou Iron Force Metal Products Co., Ltd.	Chairman	HUANG, CHENG-I	Brother
Director	ROC	YCSY Co., Ltd.	-	08.27, 2021	3 years	06.20, 2012	3,602	—	—	—	—	—	—	—	—	None	None	None	None

Title	Nationality or place of registration	Name	Gender, age (Note4)	Date of election / appointment to current term	Term of office	Commence -ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree		
							No. of shares	Share holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relation-ship
Director representative	ROC	WAY, YUNG-DO	Male (4)	08.27, 2021	3 years	06.20, 2012	—	—	—	—	—	—	—	—	Master of Business Administration in the University of Georgi, USA Principal of WAY, YUNG-DO Accounting Firm Chairman of Deloitte & Touche Accounting Firm	Chairman of YCSY Co., Ltd. Independent director, audit committee, compensation committee of Cathay Financial Holding Co., Ltd. (The subsidiary) Independent director of Cathay Securities Corporation (The subsidiary) Independent director of Cathay United Bank Company Limited Corporate director representative of Chilisin Electronics Corporation Director of Vanguard International Semiconductor Corporation Corporate director representative of MiTAC Holdings Corporation Independent director, audit committee, compensation committee of Taita Chemical Co., Ltd. Independent director, audit committee, compensation committee of Far Eastern Department Stores Co. Ltd.	None	None	None

Title	Nationality or place of registration	Name	Gender, age (Note4)	Date of election / appointment to current term	Term of office	Commence -ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree		
							No. of shares	Share holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relation -ship
Independent director	ROC	SHIH, YAO-TSU	Male (4)	08.27, 2021	3 years	06.18, 2013	—	—	—	—	—	—	—	—	Graduated from the Research Institute of Power Mechanical Engineering in the National Tsing Hua University Graduated from the 4 <sup>th</sup> EMBA section of the Research Institute of Business Administration in the National Chengchi University Deputy general manager in the general manager office of Fu Sheng Industrial Co., Ltd. Chairman of Lancer Systems Co., Ltd.	None	None	None	None

Title	Nationality or place of registration	Name	Gender, age (Note4)	Date of election / appointment to current term	Term of office	Commence -ment date of first term	No. of shares held at time of election		No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree		
							No. of shares	Share holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relation-ship
Independent director	ROC	WU, SU-HUAN	Female (2)	08.27, 2021	3 years	06.18, 2013	—	—	—	—	—	—	—	—	EMBA of Business Administration in the National Taiwan University Department of Accounting in the Tunghai University Partner of PricewaterhouseCoopers Taiwan (PwC Taiwan) (Note 3) Executive director PricewaterhouseCoopers Management Consulting Company Ltd. Special assistant to CEO in the Madenform Health Co., Ltd. General manager of Raccoon Original Co., Ltd.	Suzhou Chung- HWA Chemical & Pharmaceutical Industrial Co., Ltd. Chairman and general manager	None	None	None
Independent director	ROC	CHANG, SHA-WEI	Female (2)	08.27, 2021	3 years	06.02, 2015	—	—	—	—	—	—	—	—	Department of Accounting in the National Taiwan University Senior audit committee of KPMG International Limited Sales associate of Yuanta Securities Co., Ltd. Sales associate of Fuh Hwa Securities Investment Trust Co., Ltd.	Independent director of Associated Industries China, Inc. (AG Neovo) Accountant of Ming Jia Accounting Firm	None	None	None

Note 1: It is the shareholding of Fan Yang Investment Co., Ltd.

Note 2: It is the shareholding of Zheng Yu Investment Co., Ltd.

Note 3: Resigned in July 2006

Note 4: The actual age represents in intervals: (1) 40-50 years old (2) 51-60 years old (3) 61-70 years old (4) 71-80 years old.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (e.g., increasing the number of independent directors and ensuring that a majority of directors do not concurrently serve as an employee or managerial officer): It is not applicable for the company.

**Form 1: Major Shareholders of Corporate Shareholders**

Name of corporate shareholder	Major shareholders of the corporate shareholder	Shareholding Ratio
MENG CHING INVESTMENT CO., LTD.	Yang Fan Investment Co., Ltd.	14.80%
	Fan Yang Investment Co., Ltd.	16.00%
	Zheng Yu Investment Co., Ltd.	18.48%
	Pin Chung Investment Co., Ltd.	12.32%
	I Fan Investment Ltd.	9.60%
	I Yang Investment Ltd.	9.60%
	Mao Xi Investment Co., Ltd.	5.76%
	He Fu Investment Co., Ltd.	5.76%
	Yu Xin Investment Co., Ltd.	3.84%
	Qin Wen Investment Co., Ltd.	3.84%
YCSY Co., Ltd.	WAY, YUNG-DO	80.43%
	LIN, HWEI-SHING	3.00%
	WAY, Xiao-Long	15.15%
	WAY, Xiao-Hu	15.15%

**Form 2: If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form**

Name of corporate/juristic person	Major shareholders of the corporate/juristic person	Shareholding Ratio
Yang Fan Investment Co., Ltd.	Zhi Ming Investment Co., Ltd.	100%
Fan Yang Investment Co., Ltd.	Zheng Yi Investment Co., Ltd.	100%
Zheng Yu Investment Co., Ltd.	HUANG, CHENG-CHUNG	2.95%
	HSIEH, YU-CHUNG	97.05%
Pin Chung Investment Co., Ltd.	Guang Xia Investment Co., Ltd.	100%
I Fan Investment Ltd.	HUANG, YI-FAN	100.00%
I Yang Investment Ltd.	HUANG, I-YANG	100.00%
Mao Xi Investment Co., Ltd.	Zhen Fu Co., Ltd.	51.16%
	Jian Kang Co., Ltd.	48.84%
He Fu Investment Co., Ltd.	Zhen Fu Co., Ltd.	43.32%
	Jian Kang Co., Ltd.	43.39%
	HUANG, JIE-ZHI	13.29%
Yu Xin Investment Co., Ltd.	HUANG, YA-YU	100.00%
Qin Wen Investment Co., Ltd.	HUANG, PIN-CHUNG	100.00%

## Information on Directors and Supervisors (2)

### 1. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

<div style="text-align: center;">Qualification</div> <div style="text-align: center;">Name</div>	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
HUANG, CHENG-I	As the founder of the group, who is proficient in leadership, operational judgment, operation and management, crisis management, as well as have industrial knowledge and international market perspective. Manage all companies within the group using a strategic objective management approach, based on the mission of "beyond comparison, pursuing excellence, prioritizing quality, and innovating in research and development," with pursuing the ultimate mission of "sustainable management in a sound environment, achieving growth and profitability together."	Not applicable	None
HUANG, CHENG-CHUNG	Proficient in leadership, operational judgment, operation and management, crisis management, as well as have industrial knowledge and international market perspective. Manage all companies within the group using a strategic objective management approach, based on the mission of "beyond comparison, pursuing excellence, prioritizing quality, and innovating in research and development," with pursuing the ultimate mission of "sustainable management in a sound environment, achieving growth and profitability together."	Not applicable	None
WAY, YUNG-DO	Served as the chairman of Deloitte & Touche Accounting Firm, and provides professional and comprehensive suggestions on the company's financial reporting and new business investment planning, helping the management team to enhance the overall completeness and comprehensiveness of the company's operational plans.	Not applicable	5
CHANG, YUAN-JAN	With an excellent academic background and extensive practical experience in machinery-related industries, which can provide professional opinions and suggestions on the new product design planning and promoting the intelligentization of the company's production process.	Not applicable	1
SHIH, YAO-TSU	With an excellent academic background and extensive practical experience in machinery-related industries, which can provide professional opinions and suggestions on the new product design planning and promoting the intelligentization of the company's production process.	1. None of the three independent directors, their spouses, or any relative within the second degree serve as a director, supervisor,	None



<div>Qualification</div> <div>Name</div>	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
WU, SU-HUAN	Having an accountant license and have years of experience in practicing accounting, who is familiar with government regulations and practical operation of industries, in addition committed to assisting companies in complying with legal and regulatory requirements.	or employee of the company, or any of its affiliates, or specific related companies, nor do they hold shares in the company. 2. Specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years: None.	None
CHANG, SHA-WEI	Having an accountant license and have years of experience in practicing accounting, who is familiar with government regulations and practical operation of industries, in addition committed to assisting companies in complying with legal and regulatory requirements.		1

Note: When the company nominates director candidates for the board of directors, the company has asked the director candidates to issue a statement of non-compliance with circumstance under any subparagraph of Article 30 of the Company Act. After the election, the first meeting of the board of directors annually will also require the submission of a statement of non-compliance with circumstance under any subparagraph of Article 30 of the Company Act.

## 2. Diversity and Independence of the Board of Directors:

1. The company's three independent directors accounted for 42%, female directors accounted for 28%, the term of office of one independent director is less than 5 years, the term of office of two independent directors are more than 5 years, four directors are over 60 years old, and three directors are under 60 years old.
2. The company emphasizes that members of the board of directors' diversity of the academic profession, and intends to plan the list of directors in the 18th session: (1) Female directors account for 30% (2) More than 70% of directors must have professional knowledge and skills, which including A. Improving the intelligent manufacturing process B. Enriching the knowledge of automotive industry components manufacturing C. Legal knowledge D. Qualified as accountants E. Professional talents in the field of environmental safety and health.
3. None of the company's independent directors has any of the provisions of Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act.

Diversity core projects Name of directors	Gender	Operational judgment	Analysis for accounting and finance	Operational management	Industrial knowledge	Leadership decision
HUANG, CHENG-I	Male	V		V	V	V
HUANG, CHENG-CHUNG	Male	V		V	V	V
WAY, YUNG-DO	Male	V	V	V	V	V
CHANG, YUAN-JAN	Male	V		V	V	V
SHIH, YAO-TSU	Male	V		V	V	V
WU, SU-HUAN	Female	V	V	V	V	V
CHANG, SHA-WEI	Female	V	V		V	

Qualifications	With at least five years work experience and the following professional qualifications			Independence analysis:												Number of other public companies at which the person concurrently serves as remuneration committee member
	An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.	1	2	3	4	5	6	7	8	9	10	11	12	
Name	Meng Ching Investment Co., Ltd Representative: HUANG, CHENG-I		✓						✓	✓		✓		✓		—
	HUANG, CHENG-CHUNG		✓						✓	✓		✓		✓		—
	Meng Ching Investment Co., Ltd Representative: CHANG, YUAN-JAN		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
	YCSY Co., Ltd. Representative: WAY, YUNG-DO	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	5
	WU, SU-HUAN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
	SHIH, YAO-TSU		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—
	CHANG, SHA-WEI	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1

Note: During the two years before being elected or during the term of office, directors and supervisors meet any of the following, please tick “✓” in the space below each condition code.

- (1) Not an employee of the company or any of its affiliates.
- (2) Not a director or supervisor of the company or any of its affiliates; (However, it is not applied to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
- (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding subparagraph 2 and 3.
- (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five

percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act; (however, it is not applied to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).

- (6) If a majority of the company's director seats or voting shares and those of any other company are not controlled by the same person: a director, supervisor, or employee of that other company; (However, it is not applied to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are not the same person or are spouses: a director (or governor), supervisor, or employee of the company; (however, it is not applied to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (8) A director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution do not has a financial or business relationship with the company; (However, a specified company or institution holds 20 % or more and no more than 50 % of the total number of issued shares of the public company, also it is not applied to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent).
- (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Does not have the spouse of, or related within the second degree of kinship to other directors.
- (11) Does not have any circumstance under any subparagraph of Article 30 of the Company Act.
- (12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

### 3.2.2 General Manager, Deputy General Manager, Associates, Departments and Branches Office:

Units: Shares; %

Title	Nation-ality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
					No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relationship
President of Iron Force Group	ROC	HUANG, CHENG-CHUNG	Male	08.20, 1982	32,534	0.04	—	—	4,942,980	6.52	Graduated from the Shih Hsin School of Journalism Sales manager of Iron Force Industrial Co., Ltd.	General manager of Iron Force Industrial Co., Ltd. Chairman of Zheng Yu Investment Co., Ltd. Director of Hyphen Industrial Corp. Director of Meng Ching Investment co., ltd. Director of Transtat Investment Ltd. Chairman of Zhejiang Iron Force Metal Products Co., Ltd. Chairman of Huzhou Iron Force Metal Products Co., Ltd.	None	—	—
Vice President of Iron Force Group	ROC	LI, ZHI-GANG	Male	05.02, 2018	10,708	0.01	3,261	—	—	—	Graduated from Department of Chemistry in the Chung Yuan Christian University Vice President of Iron Force Industrial Co., Ltd. Factory director of Hercules Chemicals Taiwan Co., Ltd.	None	None	—	—

Title	Nation-ality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
					No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relationship
Director of Automotive Parts Division, Huzhou	ROC	LIU, SHI-WEI	Male	04.02, 2018	—	—	—	—	—	—	Graduated from Department of Mechanical Engineering in the National Central University Graduated from Department of Mechanical Engineering in the National Taiwan University Factory director of Huzhou Iron Force Metal Products Co., Ltd.	Deputy general manager of Huzhou Iron Force Metal Products Co., Ltd.	None	—	—
Director of Automotive Parts Division, Taiwan	ROC	ZHANG, AN-QI	Male	06.11, 2018	5,000	0.01	—	—	—	—	Graduated from Department of Mechanical Engineering in the Tatung Institute of Technology Graduated from Research Institute of Mechanical Engineering in the National Yunlin University of Science and Technology Graduated from EMBA in the National Chengchi University Development manager in new vehicle types of Manufacturing and SCM Division in Ford Lio Ho Motor Company Associate of Manufacturing and SCM Division in Wellell Inc. Special assistant in Taiwan Automotive Component Division of Iron Force Industrial Co., Ltd.	None	None	—	—

Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
					No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relationship
Director of New Business Development Division	ROC	LIN, ZHAO-REN	Male	04.09, 2018	—	—	—	—	—	—	Graduated from Department of Business Administration in the Soochow University Graduated with MBA degree in the University of Texas at Dallas Senior manager in the Automotive Electronic Business Units, vision security system product line and Sales & Marketing Department of Lite-on Technology Corporation	None	None	—	—
Manager of Audit Office	ROC	ZENG, HUI-QIN	Female	03.13, 2009	88	—	—	—	—	—	Graduated from Department of Business Administration in National Taichung Institute of Technology Main accountant and administrative specialist, accounting section manager, assistant manager in General Manager's Room, assistant manager in human resource, auditor, and assistant manager in auditing of Iron Force Industrial Co., Ltd	None	None	—	—

Title	Nation-ality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
					No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relationship
Associate Director of Administration Division	ROC	LIN, DING-JUN	Male	06.18, 2013	3,077	—	9,000	0.01	—	—	Graduated from Department of Accounting in the Chinese Culture University Auditor of Eslite Corporation Certified auditor of Taitien Electronics Co., Ltd.	None	None	—	—
Director of Finance and Accounting Division	ROC	CHEN, LI-NUNG	Male	01.01, 2022	—	—	—	—	—	—	Graduated from Department of Accounting in the National Chengchi University Accounting executive and spokesperson of Iron Force Industrial Co., Ltd. Chief financial officer of Hwa Fong Rubber Ind. Co., Ltd. Certified Public Accountant in Republic of China and the United States	None	None	—	—
Vice President to Special Assistant	ROC	GAO, YI-HUAN (Note 1)	Male	08.22, 2022	1,389	—	—	—	—	—	BA of Department of Power Mechanical Engineering in the National Tsing Hua University Master and PhD of Aerospace Engineering and Mechanical Engineering in the University of Cincinnati R&D associate in the New Product Division of Iron Force Industrial Co., Ltd.	None	None	—	—



Title	Nation-ality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
					No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%	No. of shares	Share-holding ratio%			Title	Name	Relationship
Associate of Taiwan Display Fixture & Houseware Division	ROC	HUANG, I-YANG	Male	09.01, 2022	76,412	0.10	—	—	1,771,842	2.34	The University of Hawaii, Dept. of Communicology Project manager in Chairman's Room of Iron Force Industrial Co., Ltd.	Director of Zhi Ming Investment Co., Ltd. Director of Fan Yang Investment Co., Ltd. Director of Yang Fan Investment Co., Ltd. Director of Zhi Ming Investment Co., Ltd. Director of I Yang Investment Ltd.	None	—	—

Note:

1. GAO, YI-HUAN, The Chief Technology Officer has been transferred to The President to Special Assistant on May 10, 2023. The President to Special Assistant has been transferred to Vice President to Special Assistant and removed from insider on September 1, 2023.
2. If the general manager or person of an equivalent post (the highest-level manager) and the chairperson of the board of directors of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason, reasonableness, necessity thereof, and future improvement measures adopted in response thereto: It is not applicable for the company.

### 3.2.3 Remuneration to Directors (including Independent Directors), General Manager, and Assistant General Manager in the Most Recent Year:

#### 1. Remuneration to Ordinary Directors and Independent Directors :

Units: NT\$ Thousands

Title	Name	Remuneration to directors								Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee								Sum of A+B+C+D+E +F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base compensation (A)		Retirement pay and pension (B)		Director profit-sharing compensation (C)		Expenses and perquisites (D)				Salary, rewards, and special disbursements (E)		Retirement pay and pension (F)		Employee profit-sharing compensation (G)						
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities			
		Amount in cash	Amount in stock	Amount in cash	Amount in stock	Amount in cash	Amount in stock	Amount in cash	Amount in stock	Amount in cash	Amount in stock	Amount in cash	Amount in stock	Amount in cash	Amount in stock	Amount in cash	Amount in stock					
Director	Meng Ching Investment Co., Ltd.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None	
Director representative & Chairman	HUANG, CHENG-I	3,374	3,374	0	0	397	397	36	36	3,807 0.84%	3,807 0.84%	0	0	0	0	0	0	0	0	3,807 0.84%	3,807 0.84%	None
Director representative	CHANG, YUAN-JAN	0	0	0	0	397	397	36	36	433 0.09%	433 0.09%	0	0	0	0	0	0	0	0	433 0.09%	433 0.09%	None
Director	HUANG, CHENG-CHUN	0	0	0	0	397	397	36	36	433 0.09%	433 0.09%	4,213	4,213	108	108	54	0	54	0	4,808 1.06%	4,808 1.06%	None
Director	YCSY Co., Ltd	0	0	0	0	397	397	30	30	427 0.09%	427 0.09%	0	0	0	0	0	0	0	0	427 0.09%	427 0.09%	None
Director representative	WAY, YUAG-DO	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
Independent director	WU, SU-HUAN	360	360	0	0	0	0	30	30	390 0.08%	390 0.08%	0	0	0	0	0	0	0	0	390 0.08%	390 0.08%	None
Independent director	SHIH, YAO-TS	360	360	0	0	0	0	30	30	390 0.08%	390 0.08%	0	0	0	0	0	0	0	0	390 0.08%	390 0.08%	None
Independent director	ZHANG, SHA-WEI	360	360	0	0	0	0	36	36	396 0.08%	396 0.08%	0	0	0	0	0	0	0	0	396 0.08%	396 0.08%	None

Form 1. Remuneration Range Table of Directors

Ranges of remuneration paid to each of the Company's directors	Names of Directors			
	Sum of A+B+C+D		Sum of A+B+C+D+E+F+G	
	The Company	All consolidated entities (H)	The Company	All consolidated entities (I)
Less than NT\$1,000,000	Ordinary directors: HUANG, CHENG-CHUNG; CHANG, YUAN-JAN; YCSY Co., Ltd. Independent directors: WU, SU-HUAN; SHIH, YAO-TSU; CHANG, SHA-WEI	Ordinary directors: HUANG, CHENG-CHUNG; CHANG, YUAN-JAN; YCSY Co., Ltd. Independent directors: WU, SU-HUAN; SHIH, YAO-TSU; CHANG, SHA-WEI	Ordinary directors: CHANG, YUAN-JAN; YCSY Co., Ltd. Independent directors: WU, SU-HUAN; SHIH, YAO-TSU; CHANG, SHA-WEI	Ordinary directors: CHANG, YUAN-JAN; YCSY Co., Ltd. Independent directors: WU, SU-HUAN; SHIH, YAO-TSU; CHANG, SHA-WEI
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	-	-	-	-
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	-	-	-	-
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)	Ordinary director: HUANG, CHENG-I	Ordinary director: HUANG, CHENG-I	Ordinary directors: HUANG, CHENG-I; HUANG, CHENG-CHUNG	Ordinary directors: HUANG, CHENG-I; HUANG, CHENG-CHUNG
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)	-	-	-	-
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)	-	-	-	-
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)	-	-	-	-
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)	-	-	-	-
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)	-	-	-	-
NT\$100,000,000 or above	-	-	-	-
Total	7	7	7	7

【Distribution Policy of Directors' Remuneration】

A. Ordinary director: According to Article 20 of the Articles of Incorporation, if the Corporation has gained profits within a fiscal year, no more than 5 % of the profits shall be reserved as the directors' remuneration by resolution of the board of directors. However, in case of the accumulated deficits, certain profits shall first be reserved to cover them.

The board of directors of the company passed the resolution to formulate the "Remuneration Payment Method for Directors and Functional Committee Members". Key excerpts of the method are as follows:

The company distributes the total amount of directors' remuneration appropriated by the shareholders' meeting through the annual profit. The consideration conditions are whether the director serves as a director of the company's subsidiary, the attendance rate of the board of directors during the term of office, whether to participate in the current annual shareholders' meeting, and the content of the director's position. According to the evaluation result of the performance by the board of directors, chairman is authorized to adjust each director's distribution amount

B. Independent director: The board of directors of the company passed the resolution in 2014 to formulate the "Remuneration Payment Method for Directors and Functional Committee Members". Key excerpts of the method are as follows:

Remuneration for independent directors: From the date of election, a fixed remuneration of NT\$20,000 per month will be provided for each independent director. If an independent director concurrently serves as a member of a functional committee, who shall be provided with a fixed remuneration of NT\$5,000 per month for each functional committee member starting from the date of entrustment.

## 2. Remuneration to General Manager(s) and Assistant General Manager(s) (Disclosure of Aggregate Remuneration Plus Disclosure of Names by Remuneration Range)

Units: NT\$ Thousands

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income ( % )		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
President of Iron Force Group	HUANG, CHENG-CHUNG	13,367	14,057	535	535	5,781	9,493	197	-	197	-	19,880 4.39%	24.282 5.37%	None
Vice President of Iron Force Group	LI, ZHI-GANG													
Director of Automotive Parts Division, Taiwan	ZHANG, AN-QI													
Director of Automotive Parts Division, Huzhou	LIU, SHI-WEI													
Director of New Business Development Division	LIN, ZHAO-REN													

Form 2. Remuneration Range Table of General Manager(s) and Assistant General Manager(s)

Ranges of remuneration paid to each of the Company's general manager(s) and assistant general manager(s)	Names of General Manager(s) and Assistant General Manager(s)	
	The Company	All consolidated entities
Less than NT\$1,000,000	-	-
NT\$1,000,000 (incl.)~NT\$2,000,000 (excl.)	-	-
NT\$2,000,000 (incl.)~NT\$3,500,000 (excl.)	LIU, SHI-WEI; LIN, ZHAO-REN	LIN, ZHAO-REN
NT\$3,500,000 (incl.)~NT\$5,000,000 (excl.)	LI, ZHI-GANG;HUANG, CHENG-CHUNG	LI, ZHI-GANG;HUANG, CHENG-CHUNG
NT\$5,000,000 (incl.)~NT\$10,000,000 (excl.)	ZHANG, AN-QI	ZHANG, AN-QI; LIU, SHI-WEI
NT\$10,000,000 (incl.)~NT\$15,000,000 (excl.)	-	-
NT\$15,000,000 (incl.)~NT\$30,000,000 (excl.)	-	-
NT\$30,000,000 (incl.)~NT\$50,000,000 (excl.)	-	-
NT\$50,000,000 (incl.)~NT\$100,000,000 (excl.)	-	-
NT\$100,000,000 or more	-	-
Total	5	5

3. The disclosure of the top five highest-paid executives (with individual names and remuneration methods)

Units: NT\$ Thousands

Title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income ( % )		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in cash	Amount in stock			
Chairman	HUANG, CHENG-I	2,902	2,902	-	-	472	472	-	-	-	-	3,374	3,374	-
President of Iron Force Group	HUANG, CHENG-CHUNG	3,012	3,012	108	108	1,201	1,201	54	-	54	-	4,375	4,375	-
Vice President	LIU, SHI-WEI	2,489	3,179	103	103	595	4,306	-	-	-	-	3,187	7,588	-
Vice President	ZHANG, AN-QI	2,635	2,635	108	108	2,529	2,529	54	-	54	-	5,326	5,326	-
Vice President of Iron Force Group	LI, ZHI-GANG	2,563	2,563	108	108	1,035	1,035	44	-	44	-	3,750	3,750	-

#### 4. Names and Distributions of Employee Profit-Sharing Remuneration to Managerial Officers

Units: NT\$ Thousands

	Title	Name	Amount in stock remuneration	Amount in cash remuneration	Total	As a % of net profit
Managerial officers	President of Iron Force Group	HUANG, CHENG-CHUNG	-	273	273	0.06%
	Vice President of Iron Force Group	LI, ZHI-GANG				
	Director	ZHANG, AN-QI				
	Director	LIN, ZHAO-REN				
	Associate Director	LIN, DING-JUN				
	Associate Director	HUANG, I-YANG				
	Associate Director	CHEN, LI-NUNG				

3.2.4 Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance:

1. As a percentage of net income during the past 2 fiscal years to directors, supervisors, general managers, and assistant general managers:

Title	Remuneration ratio to net income			
	2022		2023	
	The Company	All consolidated entities	The Company	All consolidated entities
Directors	2.21%	2.21%	2.35%	2.35%
General manager and deputy general manager	3.49%	3.64%	4.39%	5.37%

- (1) The remuneration paid by the company to the directors is authorized by the board of directors to determine the remuneration according to the company's Articles of

Incorporation, depending on the degree of directors' participation in the company's operations and the value of their contributions, and with reference to the usual standards in the industry.

(2) The appointment, dismissal and remuneration of the general manager and deputy general manager shall be discussed and approved by the board of directors.

2. Remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance:

(1) Policies, Standards, and Composition of Remuneration:

a. The remuneration for directors of the company is determined in accordance with Article 17 of the company's articles of association and the "Remuneration Scheme for Directors and Functional Committee Members" approved by the Remuneration Committee and the Board of Directors.

The compensation for directors' duties is determined with reference to similar companies in the automotive component industry, based on the level of participation and contribution of individual directors. Additionally, if the company is profitable for the fiscal year, no more than 5% is allocated for director remuneration in accordance with Article 20 of the company's articles of association, excluding independent directors from the distribution of director remuneration.

The company conducts regular evaluations of director remuneration in accordance with the "Board of Directors Performance Evaluation Scheme" and the "Remuneration Scheme for Directors and Functional Committee Members," which includes both fixed and variable components. The fixed component considers remuneration for directors and independent directors for issues discussed and attendance at meetings, while the variable component is determined based on the percentage of the annual profits of the affiliated group companies, applicable only to general directors. The related performance evaluations and the reasonableness of compensation are subject to review by the Remuneration Committee and the Board of Directors.

b. Remuneration for executives of the company is defined according to the salary scheme, which includes various allowances and bonuses to acknowledge and reward employees' efforts in their work. Related bonuses are also granted based on the company's annual operational performance, financial condition, operational status, and individual job performance. Additionally, if the company is profitable for the fiscal year, in accordance with Article 20 of the company's articles of association,



apart from year-end bonuses, no less than 0.5% of the profits are allocated for employee remuneration.

The company conducts performance evaluations for executives based on the results of performance assessments executed according to the "Performance Bonus Distribution Scheme" approved by the Remuneration Committee. The performance evaluation criteria for executives are divided into:

- (a) Financial indicators: At the beginning of each fiscal year, annual revenue and profit thresholds are established for each business unit. Subsequently, based on the company's management profit and loss statements, the actual revenue and profit amounts achieved by each business unit are considered against the aforementioned indicators as evaluation criteria.
- (b) Non-financial indicators: At the beginning of each fiscal year, non-financial annual goals beyond revenue/profit are also set. These include various indicators covering aspects such as internal management, employee learning and growth, organizational optimization, customer satisfaction, and sustainable operations, among others, which are reviewed for completion and scoring at the end of the fiscal year.

The performance bonuses for executives are determined based on the achievement of the above financial and non-financial indicators and distributed according to the "Performance Bonus Distribution Scheme."

(2) Procedures for Determining Remuneration:

- a. To regularly evaluate the remuneration of directors and executives, assessments are conducted based on the results of the company's "Board Performance Evaluation Scheme," "Director and Functional Committee Remuneration Payment Scheme," and "Performance Bonus Distribution Scheme," respectively.
- b. The performance evaluation scope for executives includes the aforementioned pre-established annual financial and non-financial objectives, aiming to strengthen and incentivize performance.
- c. Improvement and growth in the main job responsibilities and objectives within the scope of executive management.

(3) Relationship with Business Performance and Future Risks:

- a. In 2023, the self-assessment results of the Board of Directors, board members, and members of various functional committees were all outstanding. Additionally, the

group revenue and profit of the company continued to grow. Performance bonuses were distributed to executives based on the aforementioned assessment methods.

- b. The performance evaluations of the company's directors and executives, as well as the reasonableness of their remuneration, are regularly reviewed and assessed by the Remuneration Committee and the Board of Directors each year. Apart from considering individual performance achievement rates and contributions to the company, the overall operational performance of the company, future industry risks and trends, and compliance with relevant laws and industry standards are also taken into account. The remuneration system is periodically reviewed based on actual operational conditions and relevant regulations. The actual remuneration amounts for directors and executives in 2023 were determined by the Board of Directors after review by the Remuneration Committee.

### 3.3 Corporate Governance Status

#### 3.3.1 Operation of the Board of Directors:

Board meetings held 5 times in 2023 (A), the attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【 B/A 】	Remarks
Chairman	Meng Ching Investment Co., Ltd.: HUANG, CHENG-I	5	-	100%	
Director	HUANG, CHENG-CHUNG	5	-	100%	
Director	YCSY Co., Ltd.: WAY, YUNG-DO	5	-	100%	
Director	Meng Ching Investment Co., Ltd.: CHANG, YUAN-JAN	5	-	100%	
Independent director	SHIH, YAO-TSU	5	-	100%	
Independent director	WU, SU-HUAN	5	-	100%	
Independent director	CHANG, SHA-WEI	5	-	100%	

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(1) Any matter under Article 14-3 of the Securities and Exchange Act.:

The Board of Directors	Proposal contents and subsequent processing	Independent director expresses an objection or reservation
03.17, 2023 The 17 <sup>th</sup> session The 8 <sup>rd</sup> time	1. Proposal on the remuneration distribution for employees and directors in fiscal year 2022 2. The company's business report in fiscal year 2022 3. The company's individual financial reports and consolidated financial reports in fiscal year 2022 4. Proposal on the appointment and fees of certified accountants for the company 5. The company regularly evaluates the independence and Competency of certified accountants 6. Proposal of the company's profit distribution in fiscal year 2022 7. The company issued "the Internal Control Statement" of fiscal year 2022 8. Proposal of amendments to the internal control management measures	None

	9. Matters related to convening the fiscal year 2023 regular shareholders meeting and adopt exercise of voting rights by electronic 10. The regular meeting of shareholders accept matters related to shareholder proposals in fiscal year 2023	
05.05, 2023 The 17 <sup>th</sup> session The 9 <sup>th</sup> time	1. Proposal of the company's consolidated financial reports for the second quarter of fiscal year 2023 2. Proposal of amendments to the internal control management measures 3. Proposal on the remuneration distribution for the company's directors in fiscal year 2022 4. Renewal on the credit limit for Citibank Taiwan Ltd. 5. Renewal on the credit limit for Shanghai Commercial and Savings Bank 6. Proposal of amendments to the company's "Articles of Incorporation" 7. Matters related to convening the fiscal year 2023 regular shareholders meeting (adding a proposal)	None
08.04, 2023 The 17 <sup>th</sup> session The 10 <sup>th</sup> time	1. Proposal of the company's consolidated financial reports for the second quarter of fiscal year 2023 2. Proposal of amendments to the internal control management measures	None
11.03, 2023 The 17 <sup>th</sup> session The 11 <sup>th</sup> time	1. Proposal of the company's consolidated financial reports for the third quarter of fiscal year 2023 2. Renewal on the credit limit for credit Taishin International Bank 3. Renewal on the credit limit for TBC Bank Co., Ltd. 4. Application on the credit limit for Yuanta Commercial Bank Co., Ltd. 5. Provide guarantee for the credit limit for CTBC Bank of the sub-subsidiary 6. Proposed to provide the loans and limit to the subsidiary, Iron Force Poland Sp. ZO.O. 7. Proposal of the company's installment on "Chief information security officer," 8. Proposal on the appointment and remuneration of managers	None
12.15, 2023 The 17 <sup>th</sup> session The 12 <sup>th</sup> time	1. Operation plans and Budget of the company in the fiscal year 2024 2. The annual audit plan of the internal audit in the fiscal year 2024 3. Renewing the loans and limit of E.SUN Bank (China) Shenzhen Branch for Huzhou Iron Force Metal Products Co., Ltd. 4. Proposal on year-end bonus for the chairman and managers of the company and its subsidiaries in fiscal year 2023 5. Proposal on salary adjustment policy for the chairman and managers of the company and its subsidiaries in fiscal year 2024	None

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted.

**【The 17<sup>th</sup> Session of the 12<sup>th</sup> Board of Directors】**

Summary: The submitted for discussion on renewing the loans and limit of E.SUN Bank (China) Shenzhen Branch for Huzhou Iron Force Metal Products Co., Ltd.

Explanation:

i. In order to foreign exchange hedging needs, Huzhou Iron Force Metal Products Co., Ltd. intends to apply to E.SUN Bank (China) Shenzhen Branch for the renewal of the credit limit, and intends to authorize the chairman to negotiate with the bank on behalf of Huzhou Iron Force as well as set relevant conditions, handle all related matters, and sign various contract documents.

ii. An explanation of the content of the proposed application for bank credit limit as follows:

Bank name	Credit items	Credit amount	Credit period	Rate conditions	Remarks
E.SUN Bank (China) Shenzhen Branch	Risk exposure of credit	USD \$ 2 million	1 year	-	-

iii. Designate the Division managers to pay continuous attention to monitoring and controlling derivatives trading risk.

iv. This proposal has been reviewed and approved by the 12<sup>nd</sup> audit committee of the 3<sup>th</sup> session.

Report from Manager LI, ZHE-WEI of Finance Department

<Recusal due to conflicts of interest and participate in voting>

Independent Director CHANG, SHA-WEI:

My spouse is employed by a subsidiary company under E.SUN Financial Holding Co., Ltd. which involves a conflict of interest; therefore, it is necessary to recusal due to conflicts of interest when deliberation or voting takes place.

Resolution: According to Article 206 of the Company Act, except for the Independent Director CHANG, SHA-WEI recused herself from the discussion and voting due to a conflict of interest, the remaining attending audit committee members have unanimously agreed to approve this case and report it to the board.

Summary: The submitted for discussion on the proposal on year-end bonus for the chairman and managers of the company and its subsidiaries in fiscal year 2023.

Explanation:

- i. According to the company's "Remuneration Committee Organizational Regulations"
- ii. Please refer to Appendix 8 for lists of year-end bonus for the chairman and managers of the company and its subsidiaries in fiscal year 2023.
- iii. This proposal has been reviewed and approved by the 6<sup>th</sup> remuneration committee of the 5<sup>th</sup> session.

Report from Manager XU, GUO-WEI of Human Resources Department

<Recusal due to conflicts of interest and participate in voting>

Chairman HUANG, CHENG-I:

According to Article 206 of the Company Act, as the position of chairman and a blood relative within the second degree of kinship of HUANG, CHENG-CHUNG, the group general manager.

The proposal from the Remuneration Committee about year-end bonus for myself and group manager HUANG, CHENG-CHUNG in fiscal year 2023, and that is involved in the stake; therefore, it is necessary to recusal due to conflicts of interest when deliberation or voting takes place.

The other managers of the company and its subsidiaries present agreed to pass the proposal by the Remuneration Committee.

Director HUANG, CHENG-CHUNG:

According to Article 206 of the Company Act, as the position of general manager and a blood relative within the second degree of kinship of HUANG, CHENG-I, the chairman.

The proposal from the Remuneration Committee about year-end bonus for myself and chairman HUANG, CHENG-I in fiscal year 2023, and that is involved in the stake; therefore, it is necessary to recusal due to conflicts of interest when deliberation or voting takes place.

The other managers of the company and its subsidiaries present agreed to pass the proposal by the Remuneration Committee.

Resolution: According to Article 206 of the Company Act, except for the chairman HUANG, CHENG-I and Director HUANG, CHENG-CHUNG did not participate in the deliberation and voting due to recusal on conflicts of interest, the remaining directors present agreed to pass the proposal.

Summary: The submitted for discussion on proposal of the salary adjustment policy for the chairman and managers of the company and its subsidiaries in fiscal year 2024.

Explanation:

- i. According to the company's "Remuneration Committee Organizational Regulations", for the policy of regularly evaluating performance goals and remuneration, please refer to Annex9 for the salary adjustment policy for the chairman and managers of the company and its subsidiaries in fiscal year 2024.
- ii. This proposal has been reviewed and approved by the 6<sup>th</sup> remuneration committee of the 5<sup>th</sup> session.

Report from Manager XU, GUO-WEI of Human Resources Department

<Recusal due to conflicts of interest and participate in voting>

Chairman HUANG, CHENG-I:

According to Article 206 of the Company Act, as the position of chairman and a blood relative within the second degree of kinship of HUANG, CHENG-CHUNG, the group general manager.

The proposal from the Remuneration Committee about the salary adjustment for myself and group manager HUANG, CHENG-CHUNG in fiscal year 2024, and that is involved in the stake; therefore, it is necessary to recusal due to conflicts of interest when deliberation or voting takes place.

The other managers of the company and its subsidiaries present agreed to pass the proposal by the Remuneration Committee.

Director HUANG, CHENG-CHUNG:

According to Article 206 of the Company Act, as the position of general manager and a blood relative within the second degree of kinship of HUANG, CHENG-I, the chairman.

The proposal from the Remuneration Committee about the salary adjustment for myself and chairman HUANG, CHENG-I in fiscal year 2024, and that is involved in the stake; therefore, it is necessary to recusal due to conflicts of

interest when deliberation or voting takes place.

The other managers of the company and its subsidiaries present agreed to pass the proposal by the Remuneration Committee.

Resolution: According to Article 206 of the Company Act, except for the chairman HUANG, CHENG-I and Director HUANG, CHENG-CHUNG did not participate in the deliberation and voting due to recusal on conflicts of interest, the remaining directors present agreed to pass the proposal.

3. Evaluation of the goals and implementation status of strengthening the functions of the board of directors in the current year and the most recent year:

1. Goals of strengthening the functions of the board of directors.

- (1) Implement the corporate governance and enhance the information transparency: The operation of the board of directors is in accordance with " Rules of Procedure for Board of Directors Meetings ", and follow this standard to convene the company's board of directors, the implementation is in good conductio.
- (2) Continuing education for directors: The company's seven directors (including three independent directors) have followed the provisions of "the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies " and completed the training hours. The training hours and course content have been announced on the public information observation station.

2. Performance assessment:

- (1) The company has formulated the "Performance Evaluation Measures for the Board of Directors". According to the regulations, the evaluation shall be performed at the annual end of year and completed before the end of the first quarter of the following year.
- (2) The company adheres to the principle of transparent operation, and releases major information on the public information observation station in accordance with the "Taiwan Stock Exchange Corporation Procedures for Verification and Disclosure of Material Information of Companies with Listed Securities" after the board of directors' meeting in order to protect shareholders rights and interests.

### 3.3.2 Implementation of Evaluations of the Board of Directors and the functional committees

Evaluation cycle	Performed once per year			
Evaluation period	From January 1, 2023 to December 31, 2023			
Scope of evaluation	Method of evaluation	Evaluation content	Individual total/overall average of evaluation results Evaluation	
The Board of Directors	Evaluation of Chairman  (39 items)	The board’s participation in the operation of the company (10 items)	48	4.95
		Enhance the quality of the board’s decision making (10 items)	50	
		Composition and structure of the board (7 items)	35	
		Election and continuing education of the directors (6 items)	30	
		Internal control (6 items)	30	
Audit committee	Evaluation of audit committee committee’s convener (23 items)	Participation in the operation of the company (4 items)	20	4.83
		Awareness of the duties of the functional committee (7 items)	34	
		Enhance quality of decisions made by the functional committee (6 items)	27	
		Makeup of the functional committee and election of its members (3 items)	15	
		Internal control (3 items)	15	
Remuneration committee	Remuneration committee’s convener (23 items)	Participation in the operation of the company (4 items)	20	4.83
		Awareness of the duties of the functional committee (7 items)	34	
		Enhance quality of decisions made by the functional committee (6 items)	27	
		Makeup of the functional committee and election of its members (3 items)	15	
		Internal control (3 items)	15	
Scope of evaluation	Method of evaluation	Evaluation content	Self-evaluation results	
Independent director	self-evaluations by individual board members (22 items)	Familiarity with the goals and missions of the company (3 items)	Average score is 109 points. (Full score 110 points)	
		Awareness of the duties of a director (3 items)		
		Participation in the operation of the company (8 items)		
		Management of internal relationships and communication (2 items)		
		The director's professionalism and continuing education (3 items)		
		Internal control (3 items)		

1. Implementation of evaluations of the board of directors and functional committees in fiscal year 2023, which has reported to the board of directors on March 7, 2024.
2. The evaluation results of the board of directors and functional committees (audit committee and remuneration committee) are presented in five levels, and the principles of evaluation levels are explained as follows  
Number 1: extremely poor (strongly disagree); number 2: poor (disagree); number 3: medium (average); number 4: excellent (agree); number 5: extremely excellent (strongly agree).
3. According to Article 20 of the Articles of Incorporation, if the Corporation has gained profits within a fiscal year, no more than 5 % of the profits shall be reserved as the directors' remuneration by resolution of the board of directors. The company revised its "Remuneration Payment Method for Directors and Functional Committee Members" during the 17th First Board of Directors meeting.

### 3.3.2 Operation of the Audit Committee:

1. According to the provided information, the Audit Committee held 5 meetings (A) in the fiscal year 2023:

Title	Name	No. of meetings attended in person	No. of meetings attended by proxy	In-person attendance rate (%)	Remarks
Independent director	CHANG, SHA-WEI	5	0	100%	Convener
Independent director	SHIH, YAO-TSU	3	2	60%	
Independent director	WU, SU-HUAN	5	0	100%	

Other information required to be disclosed:

(1) Any matter under Article 14-5 of the Securities and Exchange Act.:



Audit committee	Proposal contents and subsequent processing	Resolution results	Resolution item which has not been approved by the Audit Committee but was approved by more than two-thirds of all directors.
03.17, 2023 The 3 <sup>rd</sup> session The 8 <sup>rd</sup> time	<ol style="list-style-type: none"> <li>1. The company's business report in fiscal year 2022</li> <li>2. The company's individual financial reports and consolidated financial reports in fiscal year 2022</li> <li>3. Proposal on the appointment and fees of certified accountants for the company</li> <li>4. The company regularly evaluates the independence and Competency of certified accountants</li> <li>5. It is planned to formulate a policy for the company's pre-approved certified accountants, their firms and their affiliated companies to provide Non-Audit Services to the company, parent company and subsidiaries.</li> <li>6. Proposal of the company's profit distribution in fiscal year 2022</li> <li>7. The company issued "the Internal Control Statement" of fiscal year 2022</li> <li>8. Proposal of amendments to the internal control management measures</li> <li>9. Proposal of amendments to the internal control management measures</li> </ol>	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	None
05.05, 2023 The 3 <sup>rd</sup> session The 9 <sup>th</sup> time	<ol style="list-style-type: none"> <li>1. Proposal of the company's consolidated financial reports for the second quarter of fiscal year 2023</li> <li>2. Proposal of amendments to the internal control management measures</li> <li>3. Renewal on the credit limit for Citibank Taiwan Ltd.</li> <li>4. Renewal on the credit limit for Shanghai Commercial and Savings Bank</li> </ol>	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	None
08.04, 2023 The 3 <sup>rd</sup> session The 10 <sup>th</sup> time	<ol style="list-style-type: none"> <li>1. Proposal of the company's consolidated financial reports for the second quarter of fiscal year 2023</li> <li>2. Proposal of amendments to the internal control management measures</li> </ol>	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	None

Audit committee	Proposal contents and subsequent processing	Resolution results	Resolution item which has not been approved by the Audit Committee but was approved by more than two-thirds of all directors.
11.03, 2023 The 3 <sup>rd</sup> session The 11 <sup>th</sup> time	<ol style="list-style-type: none"> <li>1. Proposal of the company's consolidated financial reports for the third quarter of fiscal year 2023</li> <li>2. Renewal on the credit limit for credit Taishin International Bank</li> <li>3. Renewal on the credit limit for TBC Bank Co., Ltd.</li> <li>4. Application on the credit limit for Yuanta Commercial Bank Co., Ltd.</li> <li>5. Provide guarantee for the credit limit for CTBC Bank of the sub-subsidiary</li> <li>6. Proposed to provide the loans and limit to the subsidiary, Iron Force Poland Sp. ZO.O.</li> <li>7. Proposal of the company's installment on "Chief information security officer,"</li> </ol>	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	None
12.15, 2023 The 3 <sup>rd</sup> session The 12 <sup>th</sup> time	<ol style="list-style-type: none"> <li>1. Operation plans and Budget of the company in the fiscal year 2024</li> <li>2. The annual audit plan of the internal audit in the fiscal year 2024</li> <li>3. Renewing the loans and limit of E.SUN Bank (China) Shenzhen Branch for Huzhou Iron Force Metal Products Co., Ltd.</li> </ol>	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	None

(2) In addition to the matters referred to above, any decision items that have not been approved by the audit committee but have received a two-thirds or more approval from all directors will be passed: None.

2. The status of implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: None.

【The 3rd Session of the 12th Audit Committee】

Summary: The submitted for discussion on renewing the loans and limit of E.SUN Bank (China) Shenzhen Branch for Huzhou Iron Force Metal Products Co., Ltd.

Explanation:

- i. In order to foreign exchange hedging needs, Huzhou Iron Force Metal Products Co., Ltd. intends to apply to E.SUN Bank (China) Shenzhen Branch for the renewal of the credit limit, and intends to authorize the chairman to negotiate with the bank on behalf of Huzhou Iron Force as well as set relevant conditions, handle all related matters, and sign various contract documents.

- ii. An explanation of the content of the proposed application for bank credit limit as follows:

Bank name	Credit items	Credit amount	Credit period	Rate conditions	Remarks
E.SUN Bank (China) Shenzhen Branch	Risk exposure of credit	USD \$ 2 million	1 year	-	-

- iii. Designate the Division managers to pay continuous attention to monitoring and controlling derivatives trading risk.

Report from Manager LI, ZHE-WEI of Finance Department

<Recusal due to conflicts of interest and participate in voting>

Audit Committee CHANG, SHA-WEI: My spouse is employed by a subsidiary company under E.SUN Financial Holding Co., Ltd. which involves a conflict of interest; therefore, it is necessary to recusal due to conflicts of interest when deliberation or voting takes place.

Resolution: According to Article 206 of the Company Act, except for Audit Committee CHANG, SHA-WEI, whose spouse is employed by a subsidiary company under Cathay Financial Holding and recused herself from the discussion and voting due to a conflict of interest, the remaining attending audit committee members have unanimously agreed to approve this case and report it to the board.

3. The communication between independent directors and internal audit executives and the accountant:

〈 The communication methods between independent directors, internal audit executives, and the accountants 〉

1. Besides the internal audit department sends audit reports to independent directors for review every month, and the audit manager's reporting of significant audit findings to the audit committee and board of directors.
2. The accountant based on No. 260 “Communication with Those Charged with Governance” of the Statement of Auditing Standard and issued per March 11, 2004 Order No. Taiwan-Financial-Securities-VI-0930105373 of the Taiwan Stock Exchange (TWSE), accountants are required to compile information related to governance issues and communicate it in writing or in person with the audit committee on a quarterly basis, during the planning and completion stages of the audit or review of the company's consolidated financial statements (including the individual financial statements).

〈 The summary of communication situation between independent directors, internal audit executives, and accountants is fiscal year 2023 〉

The internal audit executive participates in communication with the audit committee and the audit review committee regularly at least once per quarter. The accountant participates in

communication with the audit committee and the audit review committee at least twice a year.

Date	Major communication topics	Audit committee	Audit executive	Accountant	Execution results
3.17, 2023 The 3 <sup>rd</sup> session The 8 <sup>rd</sup> time Audit Committee	1. Issued “the Internal Control Statement” of fiscal year 2022 2. Regular internal audit execution report. 3. Consolidated (individual) financial reports as well as discussion and communication regarding certain accounting principal application issues and the impact of newly revised laws and regulations (the financial report in fiscal year 2022).	V	V	V	There are no comments in this meeting.
08.04, 2023 The 3 <sup>rd</sup> session The 10 <sup>th</sup> time Audit Committee	1. The accountant from PwC Taiwan provided an explanation of the reviewed results for the second quarter consolidated financial statements in fiscal year 2023. 2. Regular internal audit execution report.	V	V	V	There are no comments in this meeting.

4. The annual review focus of the audit committee
  - The company’s financial report.
  - Formulation and revision of the company’s internal control system.
  - Significant transactions involving assets, derivatives, financing, and endorsement guarantees.
  - Internal and external audit plans and execution status
  - Appointment, dismissal, compensation, and independence assessment of the accountant.
  - Management's risk and control procedures for compliance with various laws and regulations.
  - Execution status of documents exchanged with regulatory authorities.
5. The Chief Internal Auditor executive participates in communication with the audit committee and the audit review committee at least twice a year.
  - 《Regularly》
    - The Chief Internal Auditor shall provide reports at each quarterly meeting of the Audit Committee on the following:
      1. Compliance status with legal audit reporting requirements.
      2. Results of the annual audit plan execution.
      3. Summary of audit business execution.
      4. Improvements made in audit deficiencies and abnormal matters.
  - 《Irregularly》
    - As necessary, communicate audit findings and strategies for continuously enhancing audit value via email, phone calls, or in-person meetings.
    - Based on the recommendations of the Audit Committee, the Chief Internal Auditor is responsible for consolidating relevant processing situations and reporting them back to the Audit Committee or project business reports.

3.3.3 Corporate Governance-Implementation Status and Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the Reasons:

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The company has already adopted the "Corporate Governance Best Practice Principles" by resolution of the Board of Directors on December 15, 2014, and disclosed it on the Public Information Observation System and the company's website.	No major difference
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	V		(1) The company has established the "Internal Major Information Processing and Insider Trading Prevention Procedures" and has a spokesperson system to handle shareholder suggestions, doubts, disputes, and litigation matters and it may seek the assistance of a legal advisor if necessary.	No major difference
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	V		(2) The company continuously monitors the shareholding of directors, supervisors, managers, and shareholders holding more than 10% of the shares, and carries out shareholding reporting in accordance with legal regulations.	
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(3) The company has established the "Group Enterprises, Specific Companies, and Related Party Transaction Management Procedures" and the "Supervision Procedures for Subsidiaries" to establish relevant control mechanisms in the company's internal regulations and internal control system, which will be executed according to the relevant management procedures of the subsidiaries.	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	V		(4) The company's "Internal Major Information Processing and Insider Trading Prevention Procedures" were	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			approved by the Board of Directors on January 13, 101 and were disclosed on the Public Information Observation System and the company's website.	
3. Composition and responsibilities of the board of directors ( 1 ) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	V		<p>(1) The company has established the "Corporate Governance Practice Guidelines" and " Director Election Regulations ". The board of directors is responsible to the shareholders' meeting, and the operations and arrangements of its corporate governance system should ensure that the board of directors exercises its powers in accordance with laws, the Articles of Incorporation, or resolutions of the shareholders' meeting.</p> <p>The board of directors' structure should be determined based on the company's business development scale and the shareholding status of its major shareholders, considering the practical operational needs, and there should be five or more appropriate director seats.</p> <p>The composition of board members should emphasize gender equality and should generally possess the knowledge, skills, and qualities necessary to perform their duties. In order to achieve the ideal goal of corporate governance, the board of directors should include the following abilities: (Note 1)</p> <p>A. Abilities of operational judgment            B. Abilities of accounting and financial analysis            C. Abilities of operational management            D. Abilities of crisis management            E. Industrial knowledge</p>	No major difference

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>( 2 ) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?</p> <p>( 3 ) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?</p> <p>( 4 ) Does the Company regularly evaluate its external auditors' independence?</p>		V	<p>F. International market perspective G. Abilities of leadership H. Abilities of decision-making</p> <p>(2) The company will evaluate and consider establishing various functional committees in accordance with the principles of corporate governance °</p> <p>(3) The company established a method for evaluating the board of directors' performance on December 15, 2017, which has been applied since the fiscal year 2017. The results of the evaluation in fiscal year 2023 were reported to the board of directors on March 7, 2024. The company has disclosed the "Board of Directors Performance Evaluation Method" on the Public Information Observation System and the company's website, as well as the board of directors' performance evaluation results in the annual report and on the company's website for inquiries.</p> <p>(4) The company's accounting department conducts an annual self-assessment of the independence and suitability of the accountant and reports the results to the audit committee and the board of directors for review of their independence, following the "Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies " and the professional ethics code for accountants. PwC Taiwan have issued a statement on the independence of the accountant. The assessment form for</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			the independence and suitability of the accountant (Note 2).	
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The 7 <sup>th</sup> meeting of the 17 <sup>th</sup> board of directors of the company has passed a resolution to appoint Mr. CHEN, LI-NUNG, the company's Associate of Finance & Accounting Division and Spokesperson as the Head of Corporate Governance, responsible for corporate governance-related matters.	No major difference
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder's section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		In addition to regular communication, it also provides contact information for related business units and subsidiaries from the company's website. Stakeholders can contact the spokesperson via phone or Email ( <a href="mailto:announcer@irf.com.tw">announcer@irf.com.tw</a> ) to directly provide feedback or information to the company.	No major difference
6. Has the Company appointed a professional shareholder services agent to handle matters Has the Company appointed a professional shareholder services agent to handle matters	V		The company has appointed the Stock Agency Department of Yuanta Securities Co., Ltd. as the shareholder agent.	No major difference
7. Information Disclosure	V		(1) The company has announced and reported financial	No major difference



Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>(1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?</p> <p>(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?</p> <p>(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?</p>	V		<p>and corporate governance matters in accordance with the law and regulations. All relevant information can be found on the Public Information Observation System, and the company's website has also disclosed related information simultaneously.</p> <p>(2) The company has established a website in both Chinese and English and formulated the "Procedures for Handling Material Inside Information and Prevention of Insider Trading " in accordance with the law and regulations. The company have appointed a spokesperson and acting spokesperson to communicate with the public on behalf of the company, it also designated a person in charge to disclose company information on the Public Information Observation System in compliance with legal regulations.</p> <p>(3) The company follows relevant laws and regulations, such as the Securities and Exchange Act, and has completed reporting procedures within the deadline.</p>	
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited	V		(1) Employee rights: The company has established an employee welfare committee and implemented a	No major difference

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
to employee rights, employee wellness, investor relations, supplier relations, stakeholder rights, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?			<p>retirement pension system to protect employees' rights. The company also holds a labor-management coordination committee meeting every quarter and treats employees with integrity in compliance with the Labor Standards Act.</p> <p>(2) Employee wellness: Building a good relationship of mutual trust with employees through enriching and stabilizing employee's lives with welfare system and a good education and training system. For example, the company provides group insurance for employees, regular health check-ups, subsidies for employee travel, and employee dormitories and parking lots.</p> <p>(3) Investor relations: The company honestly discloses corporate information in compliance with legal regulations and has appointed a shareholder services officer responsible for handling shareholder suggestions, fulfilling the company's responsibility to shareholders.</p> <p>(4) Supplier relationships: The company has always maintained a good relationship with its suppliers.</p> <p>(5) Stakeholder rights: Stakeholders have the right to communicate and provide suggestions to the company</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>to protect their legal interests.</p> <p>(6) Directors' and supervisors' continuing education: All directors of the company have completed the required education hours in accordance with legal regulations, and the content and hours of each director's education course have been announced on the Public Information Observation System and disclosed in the annual report.</p> <p>(7) The implementation of risk management policies and risk evaluation standards: The company's internal control system and necessary management regulations have been decided by the board of directors or shareholders' meeting.</p> <p>(8) The implementation of customer relations policies: The company strictly adheres to the contracts and related regulations signed with customers and ensures customers' rights. The company maintains a stable and good relationship with customers to create company profits.</p> <p>(9) Purchasing liability insurance for directors and supervisors: The company has purchased liability insurance for directors during their term of office in accordance with the Articles of Incorporation, and information on the insurance coverage and period has</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			been announced on the Public Information Observation System and disclosed in the annual report.	
<p>9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement:</p> <p>&lt; Improvements made &gt;</p> <ol style="list-style-type: none"> <li>1. Disclosed the policy for board of directors' diversity policy, specific management objectives and implementation status (Note 1).</li> <li>2. The company's board of directors will regularly (at least once a year) assess the independence and qualifications of accountants by referencing audit quality indicators (AQIs), and the evaluation process will be disclosed in the annual report (Note 2).</li> <li>3. Disclosed the company's succession plan and framework for deputy appointment (Note 3).</li> <li>4. Upload the information regarding changes in shareholdings of insiders for the previous month to the Public Information Disclosure System by 10<sup>th</sup> of each month (inclusive).</li> <li>5. The interim financial reports of the company have been reviewed and approved by the Audit Committee, and a resolution has been discussed at the Board of Directors.</li> </ol> <p>&lt; Priority enhancement objectives and measures &gt;</p> <ol style="list-style-type: none"> <li>1. Evaluate the establishment of functional committees outside of regulations such as the nomination committee, risk management committee, or sustainability development committee.</li> <li>2. In an effort to enhance transparency regarding directors' remuneration and ensure it is set fairly, thereby safeguarding shareholders' interests, there is a proposal to assess the compensation paid to directors, which will be reported at the annual general meeting (AGM) of shareholders.</li> <li>3. To reinforce the link between performance assessments and compensation, thereby increasing transparency, there's a consideration to evaluate how the annual report discloses the connection between the performance evaluations of directors and managers and their respective remunerations.</li> </ol>				

<Note 1: The policy for board of directors' diversity policy, specific management objectives and implementation status.>

A. The company has appointed seven directors, including three independent directors at the shareholder's meeting on August 27, 2021.

Among the board members, Chairman HUANG, CHENG-I is the founder of the group and the older brother of Director HUANG, CHENG-CHUNG. Both directors are proficient in leadership, operational judgment, operation and management, crisis management, as well as have industrial knowledge and international market perspective.

Manage all companies within the group using a strategic objective management approach, based on the mission of "beyond comparison, pursuing excellence, prioritizing quality, and innovating in research and development," with pursuing the ultimate mission of "sustainable management in a sound environment, achieving growth and profitability together."

Director WAY, YUNG-DO previously served as the chairman of Deloitte & Touche Accounting Firm, and provides professional and comprehensive suggestions on the company's financial reporting and new business investment planning, helping the management team to enhance the overall completeness and comprehensiveness of the company's operational plans.

Independent directors SHIH, YAO-TSU and CHANG, YUAN-JAN both have excellent academic backgrounds and extensive practical experience in the machinery-related industries. They provide professional opinions and suggestions on new product design planning and promoting the intelligitization of the company's production process.

Independent directors WU, SU-HUAN and CHANG, SHA-WEI both hold accounting licenses and have years of experience in practicing accounting. They are familiar with government regulations and practical operation of industries, in addition committed to assisting companies in complying with legal and regulatory requirements.

B. The company stipulates in the 'Director Election Regulations' that the appointment of directors should consider the overall configuration of the board of directors. The composition of the board of directors should be diversity, and appropriate diversity policies should be formulated based on its own operations, business models, and development needs. The standards should include but not limited to the following two major aspects:

1. Basic qualifications and values: gender, age, nationality, culture, etc.

2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience, etc.

The board members should generally possess the knowledge, skills, and qualities necessary to perform their duties, and including the following abilities:

2.1 Abilities of operational judgment

2.2 Abilities of accounting and financial analysis

2.3 Abilities of operational management

2.4 Abilities of crisis management

2.5 Industrial knowledge

2.6 International market perspective

2.7 Abilities of leadership

2.8 Abilities of decision-making

More than half of the seats on the board of directors does not have the spouse of, or related within the second degree of kinship to other directors.

- C. The company's independent directors accounted for 42%, female directors accounted for 28%, the term of office of one independent director is less than 5 years, the term of office of two independent directors are more than 5 years, four directors are over 60 years old, and three directors are under 60 years old.
- D. The company emphasizes that members of the board of directors' diversity of the academic profession, and intendeds to plan the list of directors in the 18th session: (1) Female directors account for 30% (2) More than 70% of directors must have professional knowledge and skills, which including A. Improving the intelligent manufacturing process B. Enriching the knowledge of automotive industry components manufacturing C. Legal knowledge D. Qualified as accountants E. Professional talents in the field of environmental safety and health.

Diversity core projects Name of directors	Gender	Operational judgment	Analysis for accounting and finance	Operational management	Industrial knowledge	Leadership decision
HUANG, CHENG-I	Male	V		V	V	V
HUANG, CHENG-CHUNG	Male	V		V	V	V
WAY, YUNG-DO	Male	V	V	V	V	V
CHANG, YUAN-JAN	Male	V		V	V	V
SHIH, YAO-TSU	Male	V		V	V	V
WU, SU-HUAN	Female	V	V	V	V	V
CHANG, SHA-WEI	Female	V	V		V	

Note 2:

The 13<sup>th</sup> meeting of the 3<sup>rd</sup> audit committee and the 13<sup>th</sup> meeting of the 17<sup>th</sup> board of directors of the company discussed the following matter on March 7, 2024:

Summary: The submitted for discussion on the company regularly evaluates the independence and suitability of certified accountants.

Explanation:

- A. According to the Article 29 of the "Corporate Governance Best Practice Principles for Listed and OTC Companies", the company should choose a professional, responsible, and independent CPA, and should regularly (at least once a year) evaluate the independence and suitability of the appointed CPA by referencing Audit Quality Indicators (AQIs)
- B. The company conducted a regular evaluation of the independence and suitability of its signing CPA, and found no doubts regarding their independence.
- C. Accountant CHEN, JIN-CHANG and accountant LIN, YI-FAN of PwC Taiwan have issued the independence statement.
- D. This proposal has been reviewed and approved by the 13th Audit Committee of the 3rd session.

< Assessment of the Independence and Competence of the CPA and PwC Taiwan evaluated by Iron Force Industrial Co., Ltd. >

#### **Independence Assessment Form for CPA:**

Item No.	Evaluation items	Yes	No	Remarks
1	The CPA does not have direct or significant indirect financial interest with the company	V		(Is there no conflict of interest)
2	Does not the CPA have received any salary from the company or related entities?	V		(Whether or not)
3	The CPA does not have engaged in any financing or guarantee activities with the company or any of its directors.	V		(Is there no inappropriate conflict of interest)
4	The CPA and the audit service team members do not have held any position with the company's directors, managers, or any other individual who has significant influence over the audit case, currently or in the past two years.	V		(Whether or not)
5	The CPA does not have acted as a defender or representative of the company in conflicts with third parties.	V		(Whether or not)
6	Does not the CPA have provided auditing services to the company for more than seven consecutive years?	V		(Whether or not)
7	The CPA does not have closed business relationship with the company.	V		(Whether or not)
8	The CPA does not have potential employment relationship with the company.	V		(Whether or not)
9	The CPA does not have direct or indirect financial interest related to the audit case or receives any public fees.	V		(Whether or not)
10	Does the CPA have confirmed with the firm of the auditing CPA, PwC Taiwan followed relevant independence regulations?	V		(Whether or not)
doe11	Does the CPA have no spouse, direct blood relative, direct in-law, or second-degree collateral blood relative relationship with the company's directors, managers, or any other individual who has significant influence over the audit case?	V		(Whether or not)
12	The non-audit services provided by the CPA to the company do not have direct impact on significant items in the audit case.	V		(Whether or not)
13	The CPA does not have promoted or brokered the company's issuance of stocks or other securities.	V		(Whether or not)
14	The CPA does not have defended the company in legal cases or other disputes with third parties.	V		(Whether or not)
15	Does any of the co-practicing accountants with the firm of the auditing CPA, PwC Taiwan resigned from the company's director, manager, or any other significant influence position within the past year?	V		(Whether or not)

### Competence Assessment Form for CPA:

Item No.	Evaluation items	Yes	No	Remarks
1	The accountant completed the company's financial reports and audit reports on time.	V		(Whether timely provision of the attest financial statements)
2	The financial reports were prepared in accordance with the regulations of the competent authority.	V		(Whether the attest financial statements comply with the latest regulations governing the preparation of financial reports, accounting standards, and relevant regulations of the competent authorities)
3	The content of financial report was without errors or corrections from the competent authority.	V		(Whether or not)
4	The accountant interacted frequently with company management (internal auditors, etc.) and kept records.	V		(Whether interaction frequently and cooperation smoothly)
5	The accountant had appropriate interaction with the audit committee and kept records before audit planning and issuing the audit opinion.	V		(Whether the communication of conducting key audit matters and the completion of the audit)
6	The accountant made proactive suggestions regarding the company's systems and internal control audit and kept records.	V		(Whether to communicate the finding results and suggestions with internal audit personnel and relevant units)
7	Annual tax returns and reports will be completed before the next year's filing deadline.	V		(Whether timely provision of providing tax compliance audit reports and declaration forms)
8	The resolution of tax compliance audit issues has been provided.	V		(Assist the company in responding to tax-related inquiries from the tax competent)



Item No.	Evaluation items	Yes	No	Remarks
9	The accountant provided information on updates and revisions to laws and regulations, or provided courses to the company.	V		authorities) (Provide suitable course training, including statements on the new application of IFRS.)
10	Whether to respond to the questions raised by the company.	V		(Whether respond quickly to questions)
11	Assisted in communication and coordination between the company and the competent authority.	V		(Whether timely provision of responding and appropriately to inquiries from the competent authority)

**Evaluation Results:**

After evaluation, it has been confirmed that CPA appointed by the company have not exhibited any of the situations mentioned in the independence assessment items, and comply with the regulations of independence and the evaluation standards of competence. Therefore, there are no doubts about the independence of CPA.

Note 3: Disclosed the company's succession plan and framework for deputy succession plan

A. The company's succession plan and framework for the deputy's succession plan, please refer to Figure 1, which is currently being implemented in various business units:

1. Department and division levels: including deputy managers, managers, deputy general managers, and general managers.
2. Key positions: (1) Positions that participate in the implementation of business strategies and have a significant impact on the company's operations and development. (2) Job content is the core of the company's competitiveness. (3) Talents in these positions are not easy to obtain in the labor market or difficult to develop
3. Key personnel: (1) Able to enhance the core competitiveness of the organization and create value that customers perceive (2) These personnel is not easily obtainable from the external labor market, and need to be developed internally .



Figure 1: The company's succession plan and framework for deputy succession plan

B. Developing competency specifications and standards for the talent needed for Iron Force Industrial Co., Ltd.:

1. Required abilities for current job: Success in completing the job is defined through the Business Contents include: (1) language abilities, (2) knowledge abilities, and (3) job skills.
2. Core competencies that align with the company culture: (1) proactivity and initiative. (2) quality orientation. (3) integrity and honesty.
3. Required management abilities for complying with the corporate vision of "Beyond Comparison, Sustainable Management" are listed in Table 1.

Table 1: List of competencies required for various levels of management:

Management level	The functions of each management level	Position level	Position title	A list of management skills and abilities
Top management (Decision-making)	Vision shaping ability, ability to make long-term, mid-term, and short-term decisions for the company, change management skills, planning skills after strategy formulation, ability to build a network and strive for excellence as well as ability to develop talents and build teams.	10	General manager	♦Ambition
		9	Deputy general manager	♦Sustainable management
		8	Associate	♦Developing team talent ♦Change management
Middle management (Planning)	Ability to set work objectives, ability to manage non-routine projects and processes, ability to develop subordinates, problem-solving ability, conflict management ability and ability to build teams.	7 6	Manager Deputy manager	♦Ability of problem-solving ♦Ability to build teams ♦Communication and coordination skills ♦Influence
Frontline management (Execution)	The ability to ensure the necessary execution to complete work, time management skills to complete tasks within deadlines, a continuous learning attitude to seek new knowledge, ability to take initiative and be proactive in tackling tasks and responsibilities, efficiency skills to achieve maximum output with minimal input, self-demanding skills for work output quality, and Emotional management ability.	5 4	Section manager Supervisor	♦Execution skills ♦Time management ♦Emotional management

Management level	The functions of each management level	Position level	Position title	A list of management skills and abilities
On-site supervisor (Production)	Directly leading employees and managing the production process, ensuring that work relationships, job instruction, job improvement, and job safety.	3 2	Team leader Technician	♦Work instruction ♦Work motivation ♦Problem-solving

C. Selection and recruitment of talent based on job competencies:

1. In addition to internal talent selection, the company also recruits outstanding external talents, utilize both internal and external talent pools to increase the breadth and depth of the talent pool.
2. External talent recruitment: (1) Ambition for promotion and willingness to rotate positions. (2) Meeting the required level of competencies outlined in the Business Contents.
3. Internal talent selection: (1) Ambition for promotion, willingness to rotate positions, and meeting retirement eligibility. (2) Meeting the required level of competencies outlined in the Business Contents. (3) Based on specific work behavior examples, meeting the level of competency behavior descriptions, summarizing self-evaluation and supervisor evaluation to generate a talent competency radar chart. Please refer to Figure 2.

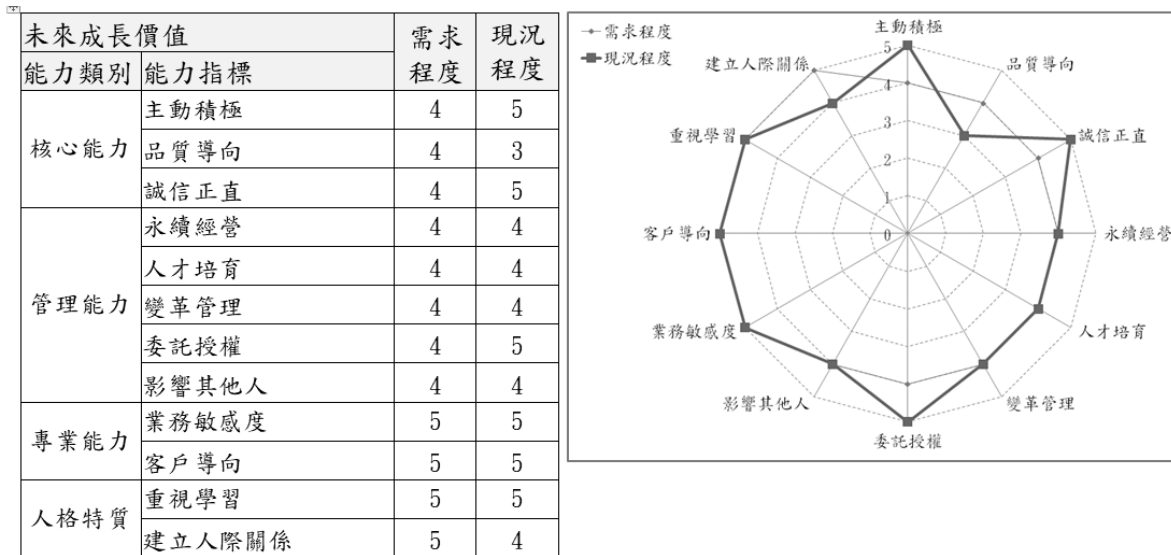


Figure 2: Talent competency radar chart

D. Talent development based on job competencies:

1. Conduct a talent inventory based on the Business Contents after promotion and implement learning and development plans based on the inventory of talent and competency gaps.

2. Setting work goals (MBO) and required competency behaviors at the beginning of a period. At the end of the period, identifying competency gaps, executing learning and development plans.
3. Proxy signature on OA forms
4. Job rotation, secondment, and job enrichment.
5. Utilize the company's existing agency system for job experience.

3.3.4 If the company has established a compensation committee, the composition, responsibilities, and operations should be disclosed:

A. Composition and responsibilities of the compensation committee:

The committee shall consist of three members appointed by the Board of Directors, one of whom shall be the convener.

Responsibilities:

1. The committee shall act with governance of a prudent manager and faithfully perform the following duties, and submit its recommendations to the Board of Directors for discussion:

1.1.1 Regularly review and propose amendments to this Article.

1.1.2 Establish and periodically review the annual and long-term performance goals for the directors and executives of the company, as well as the policies, systems, standards, and structures for their remuneration.

1.1.3 Regularly evaluate the achievement of the company's directors and managers' performance goals and establish the content and amount of their individual remuneration.

Capacity	Qualifications	Professional qualification and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
	Name			
Convener (Independent director)	CHANG, SHA-WEI	Please refer to the relevant content of Table 1 of Director Information (1) on page 12		1
Member (Independent director)	SHIH, YAO-TSU			0
Member (Independent director)	WU, SU-HUAN			0

Capacity	Qualifications	With at least five years work experience and the following professional qualifications			Independence analysis										Number of other public Companies at which the person concurrently serves as remuneration committee member	Remarks
	Name	An instructor or higher in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university	A judge, public prosecutor, attorney, certified public accountant, or other professional specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company.	Have work experience in the area of commerce, law, finance, or accounting, or otherwise necessary for the business of the company.	1	2	3	4	5	6	7	8	9	10		
Independent director	CHANG, SHA-WEI	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1	Convener
Independent director	WU, SU-HUAN	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	Member
Independent director	SHIH, YAO-TSU	—	—	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	—	Member



B. Operation of the remuneration committee:

- (1) The company's remuneration committee has a total of 3 members.
- (2) The term of the current members is from August 27, 2021 to August 26, 2024. The number of remuneration committee meetings held in the most recent fiscal year was: 4 times (A).  
The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Convenor	CHANG, SHA-WEI	4	—	100%	—
Member	SHIH, YAO-TSU	3	1	75%	—
Member	WU, SU-HUAN	4	—	100%	—

C. Other information required to be disclosed:

- (1) Matters that comply with Article 14-6 of the Securities and Exchange Act.:

Date/Session	Discussion Items	Resolution	Attendees of Compensation Committee
03.17, 2023 The 5 <sup>th</sup> session The 7 <sup>th</sup> time	1. Proposal on the remuneration distribution for employees and directors in fiscal year 2022	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	CHANG, SHA-WEI SHIH, YAO-TSU WU, SU-HUAN
05.05, 2023 The 5 <sup>th</sup> session The 8 <sup>th</sup> time	1. Proposal on the remuneration distribution for directors in fiscal year 2022	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	CHANG, SHA-WEI SHIH, YAO-TSU WU, SU-HUAN
11.03, 2023 The 5 <sup>th</sup> session The 9 <sup>th</sup> time	1. Proposal on the appointment and remuneration of managers	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	CHANG, SHA-WEI SHIH, YAO-TSU WU,- (Authorized) SU-HUAN
12.15, 2023 The 5 <sup>th</sup> session The 10 <sup>th</sup> time	1. Proposal on year-end bonus for the chairman and managers of the company and its subsidiaries in fiscal year 2023 2. Proposal on salary adjustment policy for the chairman and managers of the company and its subsidiaries in fiscal year 2024	The proposal of this session was approved by all attending members after being proposed by the chairman and it will be submitted to the Board of Directors for official approval.	CHANG, SHA-WEI SHIH, YAO-TSU WU, SU-HUAN

(2) Review and evaluate the remuneration information of the company for the year 2023 as follows:

Date/Session	Discussion Items
03.17, 2023 The 7 <sup>th</sup> time of the 5 <sup>th</sup> session	Proposal on the remuneration distribution for employees and directors in fiscal year 2022
05.05, 2023 The 8 <sup>th</sup> time of the 5 <sup>th</sup> session	Proposal on the remuneration distribution for directors in fiscal year 2022
12.15, 2023 The 10 <sup>h</sup> time of the 5 <sup>th</sup> session	Proposal on year-end bonus for the chairman and managers of the company and its subsidiaries in fiscal year 2023 Proposal on salary adjustment policy for the chairman and managers of the company and its subsidiaries in fiscal year 2024

3.3.5 Promotion of sustainable development-implementation status and deviations from the sustainable development best practice principles for TWSE/TPEX listed companies and the reasons:

Item	Implementation status			Deviations from the sustainable development best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
1. Has the company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?		V	The company currently does not establish an exclusively (or concurrently) dedicated unit to be in charge of proposing and enforcing the sustainable development.	Still under development
2. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The company identifies the main operational risks based on its operational characteristics and establishes regulations for assessment and control of operational risks within the company.	No major difference
3. Environmental issues (1) Has the company set an environmental management system designed to industry characteristics?	V		(1) The company has established a "Occupation Health and Safety Department" and developed a "Safety and Health Handbook" in accordance with the requirements of the Taiwan Occupational Safety and Health Management System (TOSHMS) to create a suitable production environment. The company sets annual environmental health and safety goals, proposes improvement methods, establishes performance indicators, and designates responsible units to cooperate in implementing these goals (Note 1).	No major difference

Item	Implementation status			Deviations from the sustainable development best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	V		(2) The company has obtained ISO 14001 certification in 2001, which is an internationally recognized standard for environmental management systems and a leading standard in the ISO 14000 series. It provides a series of guidelines to guide companies to consider the need for environmental protection, pollution prevention, and social economics while effectively managing the company's operations, as well as the environmental impact of products and services. The latest certificate is valid from July 23, 2022 to July 22, 2025.	No major difference
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	V		(3) The company has established related procedures, such as "Wastewater and Waste Oil Control Procedure," "Air Pollution Control Procedure," "Hazardous Material Control Procedure," "Disposal Management Procedure," and "Energy Resource Control Procedure."	No major difference
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?	V		(4) The company has established related procedures, such as "Wastewater and Waste Oil Control Procedure," "Air Pollution Control Procedure," "Hazardous Material Control Procedure," "Disposal Management Procedure," and "Energy Resource Control Procedure."	No major difference

Item	Implementation status			Deviations from the sustainable development best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
4. Social Issues				
(1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	V		(1) The company has established "work rules" in accordance with the Labor Standards Act, the Labor Pension Act, and the Employment Service Act to protect employees' rights and interests (Note 2).	No major difference
(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?	V		(2) The company has established regulations regarding employee remuneration, including wages payable, working hours, attendance, evaluation, various reward and punishment system in the "work rules" for employees. The company has established a remuneration committee, which considers the economic growth and inflation forecast published annually by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan and submits a salary adjustment policy to the Board of Directors. Upon approval by the Board of Directors, the Human Resources Department will implement the policy (Note 3) (Note 4).	No major difference
(3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(3) The company conducts an annual investigation of hazard identification for all production lines, the company proposes preventive, protective, and corrective measures for any possible hazards related to the environment, equipment, tools, materials, etc., such as enhancing employee safety awareness through training,	No major difference

Item	Implementation status			Deviations from the sustainable development best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
(4) Has the Company established effective career development training programs for employees?	V		<p>using warning signs, providing education and training for machine operators, installing smoke and temperature sensors, using safety shoes and heat-resistant gloves, setting up safety photocells, using manually maintained safety switches, and strengthening equipment review procedures, and etc. In addition, the company conducts annual employee health examination, holds disaster prevention drill, and arranges for doctors to provide medical consultation services on-site every month. In 2023, no fire incidents occurred in our company, and there were regular fire drill implementation plans and execution status. (Note 2)</p> <p>(4) The company considers long-term talent development as a top priority and organizes various internal and external training programs based on organizational needs. The training programs aim to enhance and update employees' knowledge and skills, building a strong human capital to the employee development that balances the development of core competencies with the development of professional skills.</p>	No major difference

Item	Implementation status			Deviations from the sustainable development best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	V		(5) The company has always adhered to the principle of integrity in its business operations, following government regulations and relevant international standards. It is not allowing to engage in any behavior that undermines customer trust or damages customer rights and interests. The company's website has disclosed the relevant responsible personnel, contact telephone numbers, email addresses, and other related information of each department. The company's website: <a href="http://www.ironforce.com.tw">http://www.ironforce.com.tw</a> Complaint's mailbox: <a href="mailto:announcer@irf.com.tw">announcer@irf.com.tw</a>	No major difference
(6) Has the company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	V		(6) The company has formulated a "Supplier Management Policies" and regulatory evaluates and monitors it to ensure that the selected suppliers comply with relevant standards. (Note 5)	No major difference
5. Does the company refer to international reporting standards or guidelines when preparing its		V	The company currently has not yet produced a sustainability report.	Still under development

Item	Implementation status			Deviations from the sustainable development best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
sustainability report and other reports disclosing non-financial information? Does the company obtain third party assurance or certification for the reports above?				
6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: Not applicable.				
7. Other important information to facilitate better understanding of the company's promotion of sustainable development: <ul style="list-style-type: none"> <li>(1) Administration Department of the company has planned a framework for business succession and deputy succession plan.</li> <li>(2) The company has established a human rights policy and concrete management plans by referencing the International Human Rights Conventions, and it has disclosed the related policies as well as implementation status.</li> <li>(3) The company collaborates with Feng Chia University's Research Center for Environmental Technology and Intelligence, specifically on the improvement of operational environment and the project for safeguarding workers' hearing. (Note 6)</li> <li>(4) In order to enhance our community impact and support local education, our company collaborates with Feng Chia University's Research Center for Environmental Science and Technology and Intelligence on the "Workplace Noise Improvement Project." (Note 7)</li> <li>(5) The company's subsidiary, Hangzhou Iron Force Metal Products Co., Ltd., invests in energy-saving and environmentally sustainable equipment, and discloses relevant information. (Note 8)</li> </ul>				



Note 1: Table of Environmental, Health and Safety Targets/ Subjects for 2023

Environmental Policy	Environmental targets/ subjects	Performance indicators	Improvement methods
1. Compliance with environmental, health, and safety regulations	1.1. Noise reduction: Minimize noise from the SHI-2 production line (single line).	The noise level of the SHI-2 (single line) reduces by 3dB.	(1) Engage in industry-academia collaboration with Feng Chia University, establishing a cross-functional improvement team within the factory (comprised of members from RD, PD, OSAS). (2) Set up an internal process for analyzing and improving noise levels within the factory.
	1.2. Reduction of occupational safety and health inspection deficiencies	Inspection deficiencies by the Occupational Safety and Health Administration under the Ministry of Labor: a. Number of deficiencies related to safety at 0 or below per inspection b. Number of deficiencies not related to safety at 2 or below per inspection	(1) Perform monthly inspections on each unit irregularly (at least once a month), followed by tracking in the subsequent month (involving occupational safety and members designated from each unit). (2) Besides identifying items on the regulatory list monthly, add identification of three regulatory items on a per-item basis (occupational safety). (3) Quarterly, conduct random inspections on over 80% of the self-inspection forms.
	1.3. Reduction of frequency-severity indicator	Annual frequency-severity indicator to be reduced to 0.17 or below	(1) Mitigate operational hazards: Annually reassess the identified operational hazards, aiming to decrease the overall risk associated with these hazards (by 3%). For instance, with a total of 326 hazards identified in 2023, aim to reduce 10 hazards from a severity level of 3 or 4 to a level of 2 or 3. (2) In accordance with the identification results, organize emergency response drills for at least 2 high-risk operations to minimize the impact of potential disasters effectively. (3) Organize safety and health-related education and training sessions at least twice a year to increase colleagues' awareness of safety and foster a culture of safety within the company.
2. Strive for pollution prevention	2.1. Carbon emission statistics of the parent company	Completion of 2023 "Greenhouse Gas Inventory Report" for the parent company.	(1) Establish a greenhouse gas inventory team (2) Conduct greenhouse gas emission inventory (3) Prepare a greenhouse gas inventory report
	2.2. Decrease the consumption of water-based cutting fluid. (Nozzle turning station)	From September to November 2024, the average usage decreased to 0.21g/Pcs. (The average usage in 2023 was 0.24g/Pcs, marking a decrease of approximately 12%)	Conduct evaluation testing at an 8% concentration level to assess feasibility; once a reduction to 5% concentration is deemed viable, proceed with implementation.
	2.3. Decrease the amount of slideway oil used. (SHI2 manufacturing station)	From September to November 2024, the average usage decreased to 1.55g/Pcs.	(1) Evaluate the feasibility of reducing current consumption levels. (2) After confirming feasibility, monitor performance and strive for ongoing enhancement.

Environmental Policy	Environmental targets/ subjects	Performance indicators	Improvement methods
3. Efficient resource utilization and waste reduction	3.1. Lower the rate of scrapped and reworked items. (a) Scrap rate for new products (Valve Housing 1481)	(The average usage in 2023 was 1.73g/Pcs, indicating a decrease of approximately 10%)	(1) Monthly tracking of scrapped items in production (2) Develop and implement strategies for reducing scrap (3) Periodic evaluation of improvement outcomes
	3.1. Reduction of scrap and rework Decrease the rate of scrapped and reworked items. (b) Scrap rate for existing products (Valve Housing 1024)	From September to November 2024, the average scrap rate decreased to 3.00%. (The total scrap rate in 2023 was 4.05%, representing a decrease of approximately 26%)	(1) Review scrap and defect rates along with primary causes in the weekly production report. (2) Explore the feasibility of improvements and pursue continuous enhancement.
	3.1. Reduction of scrap and rework Decrease the rate of scrapped and reworked items. (c) Scrap rate for existing products (SHI2-O.D35MM)	From September to November 2024, the average scrap rate further decreased to 0.85%. (The total scrap rate in 2023 was 0.95%, indicating a decrease of approximately 10%)	(1) Scrap item analysis result: The top three defects are "Concentricity Defects", "Φ17.7 Defects", and "L2 Defects". (2) Improvement measures will be formulated and executed based on the top three defect items.
	3.1. Decrease the rate of scrapped and reworked items. (d) Defect rate in electroplating pass-through process	From September to November 2024, the average pass-through defect rate for electroplating decreased to 2.50%. (The average pass-through defect rate for electroplating in 2023 was 3.07%, representing a reduction of approximately 18%)	(1) Electroplating water stains and thread water stains: Introducing hot water rinsing can improve localized yellowing marks caused by slow evaporation of moisture.  (2) Spraying water stains and thread corrosion: Improvement will be achieved through hanging fixture cleaning management and extending the lifespan of cutting fluid.
	3.2. Decrease usage of water and electricity. (a) Implement energy-saving practices for production equipment	Electricity consumption of the top 10 production equipment decreases by 1%. (Unit of measurement: Electricity consumed per product manufactured by each equipment)	Set up monitoring criteria for high-energy-consuming equipment in the factory. Assess ways to improve the performance of these monitored devices and determine the potential cost savings. Identify equipment where energy-saving measures will have a notable impact and proceed with efficiency upgrades.
	3.2. Decrease usage of water and electricity. (b) Overall water consumption	Water consumption decreases by 2%. (Unit of measurement: Calculated based on unit revenue)	(1) Evaluate the primary water equipment and initiatives in the factory. (2) Inspect and verify the installation of primary pipeline water meters. (3) Gather fundamental information on water consumption from key water equipment. (4) Develop and execute plans for water-saving initiatives.

Note 2:

The company recognizes and supports the "Universal Declaration of Human Rights," "The United Nations Global Compact," "International Labour Standards," and "United Nations Guiding Principles on Business and Human Rights", which has been established and implemented the following human rights policies:

A. Employee policies and communication channels

1. Regulation compliance:

Commits the organization to compliance with local labor laws and international labor standards at each operational site.

2. Freedom of right to work:

Prohibition of forced labor and child labor, all workers are able to attend work on a voluntary basis. All workers have the right to resign from their positions voluntarily, provided they give reasonable notice in accordance with local labor laws and regulations.

It should record on job candidates' resumes about their attendance time (overtime, shift work) or willingness to work on call during the interview stage.

3. Humane treatment:

Prohibition of harassment and inhumane treatment, including sexual harassment, abuse, forced labor, corporal punishment, threats, exploitation, psychological and physical oppression or verbal abuse and humiliation.

4. Diversity and equality in employment:

Employee selection is based on the required skills to fulfill job duties, and recruitment, education and training, performance evaluation, rewards, promotion, transfer, retirement, and other employment conditions should not have discriminatory practices based on gender, religion, race, nationality, age, sexual orientation, disability, or any other legally protected status are prohibited.

The percentage of employees with disabilities was 1.13%, which is in compliance with the national standard of 1% in February 2023. This is to ensure and promote employment opportunities for people with disabilities.

The employee profile was as follows in February 2023: women accounted for 41.7%, and foreign employees accounted for 14.1%, ensuring the workplace diversity.

Establishing measures of sexual harassment prevention in the company's rules and regulations, and setting up a sexual harassment complaint hotline and email address.

Organizing selection activities for excellent employee of the year, based on their performance in various aspects, and provide rewards to the selected ones as well as publicly recognize their achievements.

The starting salary for personnel in the same job category should not be different due to gender or age. °

5. Time management:

Committing to complying with the legal regulations regarding working hours and overtime pay.

Encourage employees to balance work and life, and implement a leave system. The unused annual leave days at the end of the year will be converted into salary and paid to employees. °

6. Communication management:

Establishing employee communication channels in accordance with local laws and regulations.

Holding a management and labor council every three months to encourage communication of opinions between labor and management.

Setting up labor opinion boxes and complaint email boxes that provides employees with a channel for providing suggestions and feedback.

7. Occupational development:

Promoting employee development opportunities that allows employees to apply for training based on the required skills for completing their job duties, or the company provide necessary training based on the employee's work performance and career development needs, which can enhance the employee's work abilities and technical skills.

8. Health and safety :

Providing a safe and healthy working environment that involves committing to establishing and maintaining an occupation safety and health management system in accordance with applicable safety and health regulations. This system should include planning safe and healthy operational procedures, supervising their implementation, and continuously improving workplace safety and employee health performance.

B. Salary and benefits policies:

1. Compliance with legal regulations:

Providing employee compensation and benefits in compliance with applicable legal regulations, including the minimum wage, overtime pay, leave, and benefits required by the regulation.

2. Continuously promoting a performance-oriented compensation and benefits system, fairly and reasonably rewarding employees for their contributions:

(1) Internally, using job evaluation to fairly reflecting the relative job value and contribution to the organization for each position.

(2) Externally, the job grading based on the total sum of knowledge, skills, experience required for each position, the difficulty of problem-solving, the scope of responsibility and authority, and the level of communication skills, etc. In addition, the company references the consumer price index and external salary survey data to determine the salary range for the position, with the expectation that salaries will be higher than the average industry salary level to meet the market competitiveness.

(3) Based on the employee's job performance, evaluation, and reward and punishment records as a reference for annual salary adjustment.

3. Incentive measures:

(1) A working environment of industrial harmony and profit sharing: Allocate not less than 0.5% of the company's annual profits for

employee compensation.

- (2) Motivate the growth of organizational revenue and profitability: Through the achievement of financial index and balanced scorecard index to reward employees with performance bonuses, stimulate the potential of employees, breakthrough individual normal job performance, and promote the growth of company's revenue and profitability.

4. Superior to legal welfare items:

Superior to legal welfare items include year-end bonuses, bonus systems, annual salary adjustments, holiday bonuses, birthday vouchers, subsidies for weddings and funerals, annual health examination, the Employee Welfare Committee organizes domestic and overseas employee travel, free lunches and dinners for work overtime, employee education and training subsidies, recognition for senior employees, group insurance, uniforms (in Nantou), free parking for cars and motorcycles (in Nantou), year-end gatherings, etc.

C. Talents nurturing and retention:

Iron Force Industrial Co., Ltd. values talents nurturing and retention, which encourages employees to pursue career development and retention within the organization by linking employee's capability development plans with organizational growth. Moreover, it creates a healthy work environment by providing diverse communication channels for employees.

1. Linking individual career development with the organization growth:

- (1) Through the management policy of the business plan, the company develop a strategic roadmap for 1, 3 and 6 years. In addition, it communicates the company's strategy for the current year from top to bottom, and translate it into annual goals and action plans. Through the regular review and revision of specific, quantifiable, and goal-linked performance indicators to achieve organizational growth objectives.
- (2) Based on a strategic roadmap for 1, 3 and 6 years, annual goals, and actions to evaluate the abilities required by employees to execute the strategy and action plans. Moreover, it links to employee's individual capability development plans, which will assist employees to integrate their personal career goals with company goals, increase job engagement, and reduce turnover due to career mismatch.

2. Creating a diverse communication channel to build a healthy work environment:

(1) Management and labor council:

Through the functions of proposal, report, discussion, and resolution, which addresses issues related to labor welfare planning (such as sports competitions, employee family day activities, subsidies for club activities, etc.), improving work efficiency (such as saving personnel, materials, water and electricity, proposal participation, maintenance and improvement of safety equipment, quality improvement, streamlining of work processes, etc.). After discussion and agreement by the majority of representatives, decisions are made to create a win-win situation for both labor and management.

(2) Employee welfare committee:

According to regulations, the company is required to allocate 0.05% to 0.15% of the total monthly revenue for employee welfare. Iron Force Industrial Co., Ltd. allocates the maximum 0.15% as required by law and it managed by an independent Employee Welfare

Committee for coordinated utilization. By promoting employee welfare initiatives, the committee aims to boost employee morale, strengthen the cohesion, and enhance cooperation between labor and management.

(3) Occupational safety and health committee:

Including health and safety issues as regular discussion topics and review relevant safety and health management plans, including education and training plans, improvement measures for working environment, prevention and management of hazards, internal audits, contractor management, and health promotion, etc. The committee continuously promoting the creation of comfortable and safe working and living environments for employees.

### 3. Health and Safety in the Workplace

(1) Implementing Occupational Health and Safety Supervision and Management:

To ensure effective management and supervision of safety and health, the company encourages employees to promptly report any issues that may affect safety and health in the workplace to their immediate supervisors. Additionally, employees are encouraged to propose suggestions for improving safety and health during labor-management meetings. Responsible departments will evaluate and respond to these proposals accordingly. Furthermore, the Environmental Health and Safety (EHS) working group conducts hazard identification for all activities and services within the organization annually. They also investigate the needs and expectations of stakeholders to conduct risk and opportunity assessments. Based on identified high-risk and high-opportunity areas, management objectives are established, and management plans are formulated, with progress tracked through regular meetings each quarter. The company places significant emphasis on every workplace accident. Upon receiving reports, the company provides health care for injured colleagues, initiates investigations, devises corrective and preventive measures, and conducts internal advocacy to prevent similar accidents from occurring in the future.

(2) Strengthening Participation and Awareness of Safety and Health

The company believes that fostering a workplace culture of safety and health is fundamental to enhancing employees' awareness of safety and health. Through various channels such as internal and external meetings, educational training, health education campaigns, and health promotion activities, the company disseminates safety and health information to emphasize the importance of safety and health among colleagues. Employees are reminded to prioritize their own safety in the event of encountering hazards in the workplace and to report them promptly.

The company also places importance on employee participation, consultation, and communication. In Taiwan, we have established an Occupational Safety and Health Committee, which convenes quarterly meetings to review and discuss relevant matters. To ensure that employees understand safety and health management practices and outcomes, the company has developed an internal website and information platform dedicated to safety and health. Additionally, immediate communication is facilitated to address feedback and responses from employees, fostering mutual understanding and consensus-building.

(3) 2023 Water Dispenser Inspection

Inspection Results: All inspection results comply with regulatory standards.

Inspection Frequency: The General Affairs Department outsources the regular maintenance of the continuous water supply fixed equipment. The first filter is replaced every 2 months. During replacement, the water dispenser faucet is inspected for dirt or scale, and cleaning or replacement is carried out if abnormalities are found. The second filter is replaced every 5 months, and the third filter is replaced every 8 months. The fourth and fifth filters are replaced based on water quality conditions (excessive TDS or unusual odors). The maintenance results are recorded in the "Water Quality Inspection and Equipment Maintenance Form for Drinking Water Equipment" and placed in a conspicuous location on the equipment. These records should be kept for two years for verification.

Inspection Standards: In accordance with the regulations of the "Management Measures for the Use and Maintenance of Continuous Water Supply Fixed Equipment for Drinking Water" Article 8, external water quality inspections are conducted every 3 months. The proportion of sampled units is one-eighth. If the water quality exceeds regulatory standards (e.g., "Coliform Bacteria Group" > 6.0 MPN/mL, "Total Bacterial Count" > 100 cfu/mL), actions are taken accordingly. Inspection reports are placed in a conspicuous location on the equipment.

(4) Implementation Plan and Status of Fire Drill in 2023

Drill Type	Frequency	Execution Status	Results
			Participants
1.Fire extinguishing training 2.Reporting training 3.Evacuation guidance training 4.Comprehensive drill a. CPR teaching	Twice a year	January 13, 2023 (1st half of the year)	122
1.Fire extinguishing training 2.Reporting training 3.Evacuation guidance training 4.Comprehensive drill a. CPR instruction b. AED training session	Twice a year	October 24, 2023 (2nd half of the year)	130

Note 3: The salary items of the company is shown as below in Table 2.

- A. Base Salary and allowance: The company references the consumer price index and external salary survey data to determine the salary range for the position, with the expectation that salaries will be higher than the average industry salary level to meet the market competitiveness.
- B. Year-end bonus: The company proposes the year-end bonus based on the performance of each business unit. Upon approval by the Board of Directors, the Human Resources Department will implement the policy.
- C. Annual salary adjustment: (1) The company has established a remuneration committee, which considers the economic growth and inflation forecast published annually by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan and submits a salary adjustment policy to the Board of Directors. Upon approval by the Board of Directors, the Human Resources Department will implement the policy. (2) Employees who have worked for the company for a full year will base on their job performance, evaluation, and reward and punishment records as a reference for annual salary adjustment.
- D. Employee profit-sharing compensation: According to the Articles of Incorporation, if the company has gained profits with a fiscal year, no less than 0.5% of the profits should be reserved as the employee profit-sharing compensation.
- E. Performance bonus: The performance bonus is designed to encourage the growth, with a threshold of financial index and balanced scorecard index (BSC).

Table 2: List of salary items

Name	Base Salary and allowance	Year-end bonus	Employee profit-sharing compensation	Performance bonus	
Characteristic	Fixed pay	Variable pay	Variable pay	Variable pay	
Definition	<ul style="list-style-type: none"> <li>•Remuneration for employees' hard work in their job duties.</li> <li>The company expects that salaries will be higher than the average industry salary level (salary survey <math>\geq</math> P50).</li> </ul>		<ul style="list-style-type: none"> <li>•Profit sharing</li> <li>•Articles of Incorporation for the head office</li> </ul>	<ul style="list-style-type: none"> <li>•Motivate the growth of organizational revenue and profitability</li> <li>•Requires appropriate effort to achieve</li> </ul>	
Qualification threshold	The attendance based on work rules	The attendance based on work rules	The company has gained profits within a fiscal year and has covered the accumulated deficits	Division	<ul style="list-style-type: none"> <li>•Revenue achieves the annual target setting</li> <li>•Profit achieves the annual target setting</li> <li>•Annual target score <math>\geq</math> 70 points</li> </ul>
				Head office	<ul style="list-style-type: none"> <li>•Annual target score of administration department <math>\geq</math> 70 points</li> </ul>



Name	Base Salary and allowance	Year-end bonus	Employee profit-sharing compensation	Performance bonus
				•Participation in distribution based on achieving the distribution threshold for each business unit"
Total amount of the distribution	Σ Monthly salary payable to employees	Σ Employee's fixed pay for 12 months * 2 months* the percentage of incumbency	•Allocate not less than 0.5% of the company's annual profits Profit before income tax of RF financial statements (excluding investment income) $\geq 0.5\%$	•Σ Profit before income tax of the devison's managerial report* 3%
The distribution timeline	The distribution of a fixed date on every month	Before the Lunar New Yea	The distribution before the end of April of the following year	The distribution before the end of July of the following year

Note 4:

- A. Superior to legal welfare items include year-end bonuses, bonus systems, annual salary adjustments, holiday bonuses, birthday vouchers, subsidies for weddings and funerals, annual health examination, the Employee Welfare Committee organizes domestic and overseas employee travel, free lunches and dinners for work overtime, employee education and training subsidies, recognition for senior employees, group insurance, uniforms (in Nantou), free parking for cars and motorcycles (in Nantou), year-end gatherings, etc. Building a good relationship of mutual trust with employees through enriching and stabilizing employee's lives with welfare system and a good education and training system.
- B. The establishment of employee welfare committee: According to regulations, the company is required to allocate 0.05% to 0.15% of the total monthly revenue for employee welfare. Iron Force Industrial Co., Ltd. allocates the maximum 0.15% as required by law and it managed by an independent Employee Welfare Committee for coordinated utilization. By promoting employee welfare initiatives, the committee aims to boost employee morale, strengthen the cohesion, and enhance cooperation between labor and management.
- C. Retirement pension system and implementation status: The company handles employee retirement matters in accordance with relevant laws and regulations, and contributes pension every month to be deposited in the Department of Trusts, Bank of Taiwan to take care of employees' post-retirement life. For those who choose to apply the Labor Pension Act after July 1, 2005, the company will pay a monthly contribution of 6% of the employee's monthly salary to the individual labor pension accounts at the Labor Pension Fund Bureau, according to the government's salary category chart.
- D. Employees' rights and interests: The company has established "work rules" in accordance with the Labor Standards Act, the Labor Pension Act, and the Employment Service Act to protect employees' rights and interests.

Note 5:

- A. Supplier Management Policy: The company establishes methods for seeking, examining, evaluating, and managing suppliers to ensure that the products, prices, delivery times, compliance, services, production capacity, and health and safety standards provided by selected suppliers meet the company's procurement requirements and pricing policies, hereby referred to as the "Supplier Management Policy."
  - 1. The company formulates corresponding management measures based on differences in products, services, or procurement amounts provided by suppliers.
  - 2. The company establishes a supplier management mechanism to monitor the operational status of suppliers, reduce the operational risks of suppliers, and prevent the impact of these risks on the company. The supplier management mechanism of the company is as follows:
- B. Supplier Evaluation Operations:
  - 1. Establish supplier classifications according to regulations, and have each department evaluate product quality, supply risks, and reduce 1. According to regulations, suppliers are classified, and each department evaluates product quality, supply risks, and cost reduction measures. Environmental health and safety assessments of suppliers are conducted in accordance with the "Supplier Environmental Assessment Management Procedure."
  - 2. The company requires suppliers to provide assurances regarding the absence of harmful substances in their materials. Suppliers will provide Safety Data Sheets (SDS) for control purposes, or the company will provide a "List of Prohibited/Restricted Materials" to suppliers, which will be stipulated in the contract, and the vendors are requested to confirm and sign back.
  - 3. When developing new suppliers, priority is given to suppliers offering products with green labels or environmental certifications. However, those assessed as unsatisfactory during on-site evaluations are excluded.
  - 4. Paper-based documentation of suppliers is subjected to review.
  - 5. On-site evaluations of suppliers:
    - (1) The company conducts on-site evaluations only for Class A suppliers (those providing external products/processes integrated into customer products, such as pipe materials, stamped parts, etc.).
    - (2) The evaluation team fills out evaluation forms based on the supplier's self-assessment questionnaire and on-site findings. After completing the scoring and recommendations, the forms are submitted to the responsible supervisor for approval. Evaluation criteria include organizational systems, equipment specifications, quality control concepts, and quality organization, among others.
    - (3) If an on-site evaluation is unsatisfactory, it is submitted to the responsible supervisor for a joint decision on whether improvement is necessary. If improvement is deemed necessary, the procurement department notifies the supplier to make improvements within a specified period. Once improvements are completed, the company conducts another on-site evaluation.
- C. Supplier Monitoring:
  - 1. Regular supplier evaluations are conducted in accordance with the "Supplier Evaluation Methodology."

2. Supplier performance control: The procurement department completes the "Supplier Performance Control Form" for the previous year by the end of January each year to conduct tracking investigations into their production capacity, in order to understand the supplier's supply capability. Suppliers without production equipment are exempt from this requirement, subject to approval by the responsible supervisor.
3. Withdrawal of registered qualified suppliers: After evaluation, the following occurrences warrant withdrawal upon approval by the responsible supervisor:
  - (1) Failure to meet standards in regular supplier evaluations and inability to improve;
  - (2) Persistent and significant delays in delivery schedules;
  - (3) Suppliers with poor reputations;
  - (4) Suppliers disqualified by customers.

D. Specific Management Measures and Implementation of the Supply Chain:

1. Establishment of Supplier Grading System:

The company has established a supplier grading system to identify important suppliers that must undergo evaluation based on their characteristics. A-class suppliers are defined as those significantly impacting the quality and delivery of company products, or those with procurement amounts reaching a certain threshold or proportion. By the end of 2023, the company had a total of 34 A-class suppliers.

2. Evaluation of New Suppliers: By the end of 2023, a total of 10 new suppliers underwent evaluation, with a pass rate of 100%.

3. Audit System for Existing Suppliers:

By the end of 2023, a total of 25 existing suppliers underwent audits, accounting for 74% of all suppliers. The pass rate was 100%.

4. Supplier Self-Assessment "Supplier Evaluation Questionnaire":

The company's supplier self-assessment questionnaire is primarily sent to A-class suppliers. By the end of 2023, the number of questionnaires sent to suppliers totaled 25, with all 25 being returned, resulting in a 100% response rate.

5. Prohibited/Limited Material List:

By the end of 2023, a total of 3 suppliers returned signed lists, with a pass rate of 100%.

Note 6:

Our company collaborates with the Environmental Science and Smart Technology Research Center at Feng Chia University. The project has a duration of 10 months, from January 15, 2024, to October 21 of the same year. The total budget is NT\$1,500,000.00.

On January 22, 2024, our company initiated Project B for noise reduction in the operational area of the Nantou factory. The objective of this project is to reduce operational noise in the factory area to comply with labor safety regulations and to further lower the noise level through voluntary improvement measures. This aims to provide employees with a more comfortable working environment, enhance their sense of well-being, and demonstrate the company's commitment to employee care and workplace welfare in line with ESG principles.

The project also involves conducting surveys among on-site employees through the factory's environmental health and safety personnel. The purpose is to identify significant sources of noise as perceived by the employees, determine directions for improvement, and adjust measures for

hearing protection. Subsequent surveys will be conducted after the improvements to evaluate the effectiveness of the changes and to provide ongoing follow-up and care regarding the importance of hearing protection, educational training, and health checks for the workers.

As factory operational noise is primarily composed of various sound sources, the project prioritizes conducting noise measurements and testing for improving a single unit within the first-floor processing area of the Nantou factory, which is the area with the highest overall sound volume. The expected benefits include a reduction of at least 5 dB(A) for high-frequency noise from machinery and a reduction of at least 3 dB(A) in the operational area (without interference from other units or fans).

Note 7:

To support local education, our company plans to collaborate with universities and colleges to engage in industry-academia cooperation. After conducting visits, we found that universities and colleges in the operating area of our Nantou plant, such as those in Nantou County and City, lack research experience and expertise in improving factory noise pollution. Therefore, our Nantou plant has expanded its reach to Feng Chia University in Taichung City and collaborated with its Environmental Technology and Intelligence Research Center on the "Workplace Noise Improvement Project." This initiative aims to allow students to learn theoretical knowledge in the classroom while gaining practical experience in the workplace. Professors will lead students in participating in workplace environmental improvement projects, facilitating a seamless transition from campus to the workplace and fostering a research process that integrates theoretical learning with practical work experience.

In 2023, the collaboration between academia and industry resulted in significant advancements.		
Category	School	Contract Signing Investment Amount
Industry-Academia Collaboration	Feng Chia University Center for Environmental Science and Technology and Wisdom Research	NT\$150,000

Note 8:

In 2013, our subsidiary, Hangzhou Iron Force Metal Products Co., Ltd., installed a solar roof with an area of 13,332.9 square meters, featuring a solar power station capacity of 979 kWp. It commenced power generation on January 10th, 2013, with an estimated annual power generation of 87 kWh. This initiative is expected to save approximately RMB 162,000 in electricity costs annually. Over a 25-year period following the completion of the power station, it is projected to supply 21.9054 million kWh of electricity to the grid, reducing standard coal consumption by 6935.578 tons, CO2 emissions by about 18,510.035 tons, SOX emissions by approximately 140.986 tons, and NOX emissions by about 47.753 tons.

Starting from 2013, our subsidiary Hangzhou Iron Force Metal Products Co., Ltd., has leased energy-saving air compressors, expecting to save 1.7 kW/min, resulting in an annual energy saving of 1,429,632 kW.

### 3.3.5 Information Pertaining to Climate:

#### 1 Status of Implementation Regarding Climate-Related Information

Item	Execution Status
<p>1. Detail the supervisory and governance roles of the Board of Directors and management regarding climate-related risks and opportunities.</p>	<p>1. The company's top management has pledged to tackle greenhouse gas emissions by designating a dedicated representative and forming a specialized team for greenhouse gas assessments, ensuring they have the necessary resources. This demonstrates the company's commitment to conducting thorough greenhouse gas inventories as part of its efforts to reduce emissions and pursue sustainable business practices. To address climate change challenges, the company established the "Parent Company Greenhouse Gas Inventory Management Procedure" in its 2023 year and began conducting organizational greenhouse gas inventories following the ISO 14064-1 2018 standard, using 2022 as the reference year. This initial inventory covered major areas including the Taipei headquarters and the Nantou plant, which focuses on automotive parts, with specific departments such as finance, general management, and new product divisions being included. The findings from this inventory were presented to the board of directors on December 15, 2023. Looking ahead, in the 2024, the company plans to expand the scope of its greenhouse gas inventory to include its subsidiaries.</p> <p>2. Our company is actively working towards sustainable development by not only regularly updating the board of directors on our sustainability efforts but also planning to release a sustainability report in the 2025. This report will prioritize identifying critical sustainability issues. Each year, the report will detail key concerns along with their management strategies across various sections, highlighting the importance of sustainability, the actions taken and resources allocated for management, mechanisms for complaints and evaluations, and the performance outcomes for the year.</p>
<p>2. Describe the impact of recognized climate risks and opportunities on the company's operations, strategic planning, and financial health over short, medium, and long-term periods.</p>	<p>1. Our climate risk evaluation focuses on Jianlin Corporation and its factory in the Nantou Nangang Industrial Zone, leaving out any subsidiaries located outside of Taiwan as mentioned in our consolidated financial reports.</p> <p>2. Over the short and medium term, our company might face increased operational costs due to government-imposed taxes on carbon and energy. To mitigate these challenges, we'll need to focus on utilizing low-carbon energy sources and adopting more efficient production techniques.</p>

Item	Execution Status
	3. Over the long term, we may face challenges like heightened stress on water resources and shifts in average temperatures, which could necessitate alterations in how we manage and plan our workforce. To counter these potential impacts, improving our disaster response abilities and incorporating a broader range of alternative energy sources will be crucial in mitigating risk exposure.
3. Explain how extreme weather events and measures taken to adapt to or mitigate climate change affect the company's financial situation.	To counteract the challenges posed by extreme weather conditions, our company is actively enhancing its energy efficiency and adopting eco-friendly materials. By upgrading to less polluting machinery and equipment, we're not only cutting down on operational costs but also bolstering our reputation. These steps contribute to an increase in our total revenue.
4. Explain the process of integrating the identification, evaluation, and management of climate-related risks into the company's comprehensive risk management framework	Our company utilizes greenhouse gas inventories to monitor and manage our overall emissions, identifying key climate-related risks and opportunities. Designated departments are responsible for implementing risk control and management measures, formulating response strategies for disclosure. These activities are regularly reviewed during management meetings with relevant functional groups and reported to the board of directors.
5. When employing scenario analysis to assess our resilience against climate change risks, it's important to detail the specific scenarios, parameters, assumptions, and analytical factors we've used, along with the primary financial impacts anticipated.	While we have yet to implement scenario analysis for climate change, our future plans include aligning with the TCFD's objectives to quantify climate risks. We intend to draw on reports from recognized institutions globally and locally, which evaluate the automotive parts industry, including how emerging environmental or societal trends affect us, the costs associated with climate transition risks, and barriers to industry entry. Our aim is to use scenario analysis to comprehensively assess the financial impacts of climate-related issues across various scenarios and timeframes.
6. Should there be a strategic plan in place to address climate-related risks, it's important to detail the specifics of this plan. This includes outlining the measures, indicators, and goals set forth to both identify and effectively manage the direct physical risks and the broader transition risks associated with climate change.	To address both physical and transition risks associated with climate change, our company has deployed a three-fold strategy encompassing 'Regulatory Compliance,' 'Hardware Equipment Updates,' and 'Greenhouse Gas Inventory.' Firstly, we ensure our transition plan is built on a foundation of up-to-date compliance with climate regulations. Secondly, we're upgrading to environmentally certified hardware and phasing out less efficient company vehicles. Thirdly, we're methodically conducting greenhouse gas inventories and developing strategies to cut emissions. On the supply chain front, we're mitigating operational risks due to climate change by establishing alternate supplier networks and enhancing our commitment to environmental

Item	Execution Status
	stewardship through regular audits and advocacy, thereby lessening the potential for extreme weather impacts.
7. When employing internal carbon pricing as a strategy for planning, it's essential to detail the foundations upon which these prices are established.	<p>While internal carbon pricing hasn't been implemented by our company yet, we're actively aligning with global carbon reduction initiatives and embracing the "science-based carbon reduction with valuable exploration rights" approach by advancing our carbon management system. We plan to launch an Internal Carbon Pricing (ICP) mechanism in line with regulatory standards. This mechanism will leverage our group's past achievements in carbon reduction and anticipated future costs, such as investing in energy-efficient equipment and acquiring renewable energy certificates, to calculate the carbon pricing parameters for each improvement initiative.</p> <p>To ensure the internal carbon pricing mechanism effectively influences our operations, we intend to establish an internal carbon pricing committee. This committee will consist of members from various departments and will evaluate and plan for the rationality of carbon pricing, the fairness in the distribution of carbon rights within the company, the precision of our carbon reduction targets, and the efficacy of our reduction strategies.</p>
8. When setting climate-related objectives, it's crucial to detail the specific activities involved, the categories of greenhouse gas emissions addressed, the timeline for planning, and the progress achieved annually. Additionally, if the strategy includes using carbon offsets or Renewable Energy Certificates (RECs) to meet these objectives, it's important to disclose the origin and volume of the carbon credits offset or the quantity of RECs utilized.	Starting in the 2023, our company initiated a comprehensive greenhouse gas inventory process, successfully calculating emissions for both our headquarters and manufacturing sites. We have also finalized the initial greenhouse gas inventory report. We are on track to extend this inventory to include our overseas subsidiaries by 2024.
9. The status of our greenhouse gas inventory and verification, along with our goals for reduction, strategic approaches, and detailed plans for action, will be elaborated upon in sections 1-1 and 1-2.	<p>1. Regarding our greenhouse gas inventory and verification efforts, we are scheduled to release individual inventory data for the 2025 in the 2026, and consolidated financial reporting inventory data for the 2026 in the 2027. We will also disclose individual verification details for the 2027 in the 2028, and consolidated verification information for the 2028 in the 2029. As of now, there are no immediate disclosure requirements, making this process currently inapplicable.</p> <p>2. Our company is expected to reveal our carbon reduction targets, strategies, and detailed action plans, using the 2026 as the reference point, by the 2027. At present, we are not obligated to make such disclosures, so this requirement does not apply.</p>

## **1-1 An overview of the company's greenhouse gas emissions inventory and verification for the past two fiscal years.**

### **1-1-1 Details on the inventory of greenhouse gas emissions.**

Describe the emission volume (metric tons CO <sub>2</sub> e), intensity (metric tons CO <sub>2</sub> e/million yuan) and data coverage of greenhouse gases in the past two years.
Regarding our greenhouse gas inventory and verification efforts, we are scheduled to release individual inventory data for the 2025 in the 2026, and consolidated financial reporting inventory data for the 2026 in the 2027. We will also disclose individual verification details for the 2027 in the 2028, and consolidated verification information for the 2028 in the 2029. As of now, there are no immediate disclosure requirements, making this process currently inapplicable.

### **1-1-2 Greenhouse Gas for Confirmation Information**

Describe the confidence situation in the last two years as of the publication date of the annual report, including the scope of the confidence, the organization of the confidence, the criteria for the confidence and the opinion of the confidence.
Regarding our greenhouse gas inventory and verification efforts, we are scheduled to release individual inventory data for the 2025 in the 2026, and consolidated financial reporting inventory data for the 2026 in the 2027. We will also disclose individual verification details for the 2027 in the 2028, and consolidated verification information for the 2028 in the 2029. As of now, there are no immediate disclosure requirements, making this process currently inapplicable.

### **1-2 Objectives, strategies, and detailed action plans for reducing greenhouse gas emissions.**

Describe the greenhouse gas reduction base year and its data, reduction targets, strategies, specific action plans and achievement of reduction targets.
Our company is expected to reveal our carbon reduction targets, strategies, and detailed action plans, using the 2026 as the reference point, by the 2027. At present, we are not obligated to make such disclosures, so this requirement does not apply.



3.3.6 Ethical corporate management-implementation status and deviations from the ethical corporate management best practice principles for TWSE/TPEX listed companies and the reasons :

Evaluation item	Implementation status			Deviations from the ethical corporate management best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(1) Does the company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?</p> <p>(2) Whether the company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies?</p>	V		<p>(1) The company has established the "Ethical Corporate Management Operational Procedures and Guidelines" and "Corporate Governance Best Practice Principles", and actively promotes the basic spirit of ethical corporate management at board meetings and management meetings at all levels within the company.</p> <p>(2) The company is committed to ethical corporate management and has established the "Ethical Corporate Management Operational Procedures and Guidelines" to ensure compliance with relevant laws and regulations. The company has also set rules on attendance, performance evaluation, rewards and punishments, and promotion in the work rules for employees to follow. In order to ensure the implementation of ethical corporate management, the company has established effective accounting systems and internal control systems, including the "Ethical</p>	No major difference

Evaluation item	Implementation status			Deviations from the ethical corporate management best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
(3) Does the company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		<p>Corporate Management Operational Procedures and Guideline", "Internal Major Information Processing and Insider Trading Prevention Procedures " and "Group Enterprises, Specific Companies, and Related Party Transaction". Moreover, the internal audit team will regularly check and review audit reports to ensure the continued effectiveness of these systems.</p> <p>(3) The company's website has disclosed the relevant responsible personnel, contact telephone numbers, email addresses, and other related information of each department. The company's website: <a href="http://www.ironforce.com.tw">http://www.ironforce.com.tw</a> Complaint box: <a href="mailto:announcer@irf.com.tw">announcer@irf.com.tw</a></p>	
<p>2. Ethical management practice</p> <p>(1) Does the company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?</p>	V		<p>(1) The personnel of the company shall avoid business transactions with a supplier, agent, customer, or other counterparty in commercial interactions that is involved in unethical conduct. When the counterparty or partner in cooperation is found to have engaged in unethical conduct, the personnel of the company shall immediately cease dealing with the counterparty in order to implement to</p>	No major difference

Evaluation item	Implementation status			Deviations from the ethical corporate management best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
(2) Has the company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation?	V		ethical corporate management policy. (2) The company designates the Administration Department as the specialized unit responsible for overseeing operations related to ethical corporate management and submitted a report to the board of directors on November 3, 2023. (Note 1)	No major difference
(3) Has the company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	V		(3) The company adheres to a set of regulations for transactions with group enterprises, specific companies, and related parties, including "Group Enterprises, Specific Companies, and Related Party Transaction Management Procedures," "Internal Major Information Processing and Insider Trading Prevention Procedures," and "Regulations Governing Procedure for Board of Directors Meetings." The company also provides appropriate channels for reminding board members and executives of any potential conflicts of interest they may have with the company. Company directors should uphold high degree of self-discipline and, when a proposal on which they have a personal or corporate interest conflict may damage the company's interests, they may state their opinions and respond but may not participate in discussion or voting.	

Evaluation item	Implementation status			Deviations from the ethical corporate management best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
<p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the company provide internal and external ethical corporate management training programs on a regular basis?</p>	V		<p>They must recuse themselves during discussion and voting and cannot act as proxies for other directors. Directors should also uphold self-discipline and not support one another.</p> <p>(4) The company has established an accounting system and internal control system, which are continuously reviewed to ensure the design and implementation of the systems remain effective. The internal audit unit regularly checks compliance with the aforementioned systems based on audit plans and submits audit reports to the board of directors.</p> <p>(5) During the quarterly business meetings, the company strengthens the promotion of the concept of ethical corporate management and publishes relevant internal regulations on its website to remind all employees to comply with. them.</p>	
<p>3. Implementation of complaint procedures</p> <p>(1) Has the company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers?</p>	V		<p>(1) The company has established relevant processing procedures in the "Work Rules" and "Ethical Corporate Management Operational Procedures and Guidelines," set up a labor opinion box and an employee complaint box to provide employees with the suggestion</p>	No major difference

Evaluation item	Implementation status			Deviations from the ethical corporate management best practice principles for TWSE/TPEX listed companies and the reasons
	Yes	No	Summary description	
<p>(2) Has the company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner?</p> <p>(3) Has the company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?</p>	V		<p>channels and strengthen the labor relations. The Company's website has an investor service window and contact information for the responsible personnel, and an email address: <a href="mailto:announcer@irf.com.tw">announcer@irf.com.tw</a>.</p> <p>(2) The company's complaint procedures follow the administrative system. When a complaint is submitted, the respective unit supervisor shall immediately investigate or handling of submissions and reports, and reply to the complainant with the results or handling situation.</p> <p>(3) The company designates the Administration Department as the specialized unit to ensure that the identity of the whistleblower and the content of the report shall be kept in confidential.</p>	
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?</p>	V		<p>The company has disclosed the "Ethical Corporate Management Operational Procedures and Guidelines" and related information on the corporate governance section of the company website and the Market Observation Post System (MOPS).</p> <p>The company website: <a href="http://www.ironforce.com.tw">http://www.ironforce.com.tw</a></p>	No major difference

5. If the company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviations between the principles and their implementation: No major difference.

6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies:

Note 1 : The company implements the policy of ethical corporate management and its related execution as follows:

Item	Description
Job Duties	<p>According to Article 4 of our company's "Code of Conduct and Operating Procedures," we conduct business activities based on the principles of fairness, honesty, integrity, and transparency. To implement our corporate policies and actively prevent dishonest behavior, the Administration Department is designated as the specialized unit. It is allocated with sufficient resources and qualified personnel to handle the following tasks, reporting to the board of directors annually:</p> <ol style="list-style-type: none"> <li>1.Assisting in integrating integrity and ethical values into the company's business strategy and collaborating with regulatory compliance to establish relevant preventive measures.</li> <li>2.Regularly analyzing and assessing the risks of dishonest behavior within our business scope, and developing preventive measures accordingly. Standard procedures and behavioral guidelines are established within each plan.</li> <li>3.Organizing internal structures, staffing, and responsibilities to implement mutual supervision mechanisms for activities at higher risk of dishonest behavior within the business scope.</li> <li>4.Promoting and coordinating integrity policy advocacy and training.</li> <li>5.Planning a whistleblowing system to ensure its effectiveness in execution.</li> <li>6.Assisting the board of directors and management in auditing and evaluating the effectiveness of established preventive measures for integrity management. Regular evaluations of adherence to relevant business processes are conducted, and reports are generated accordingly.</li> <li>7.Creating and properly preserving documentation related to the integrity management policy, compliance statements, commitments, and execution status.</li> </ol>
Board Report	The latest report on the implementation status was presented to the board of directors on November 3, 2023.
Integrity Management Policy	Adhering to the company's business philosophy, we formulated the "Integrity Operation Procedures and Code of Conduct," which was approved by the board of directors in the 103rd fiscal year. This document outlines specific practices for conducting business with integrity and guidelines for preventing dishonest behavior.

Item	Description
Prevention Plan	<p>1.Establishment of the "Integrity Operation Procedures and Code of Conduct" to:</p> <p>(1) Establish a positive behavioral model among company colleagues that aligns with ethical standards.</p> <p>(2) Uphold the integrity-based corporate culture and ensure its healthy development, while establishing a model for good business operations.</p> <p>(3) Standardize the matters that company personnel should pay attention to when performing their duties.</p> <p>2.Invitation of lawyers to conduct digital training sessions on topics such as "bribery, kickbacks, bid rigging, concurrent employment, item custody, confidentiality, information security, and consequences of violations." The duration of the course is 79 minutes, and it is scheduled to be implemented as part of the orientation program for new employees, enabling them to understand the standards of behavior and attitude expected of employees of the company.</p> <p>3.Formulation of the "Employee Clean and Self-discipline Commitment" and the "Cooperative Supplier Integrity Commitment" to enable employees and suppliers to:</p> <p>(1) Have a legal basis for adhering to integrity in business operations and occupational ethics.</p> <p>(2) Recognize the company's emphasis on the concept of integrity-based management.</p> <p>4.The Audit Department carries out routine audits in accordance with the annual audit plan approved by the board of directors, and conducts special audits as needed to reduce possible deficiencies in internal control systems and provide improvement recommendations. Upon completion of the audit operations, an audit report is issued, submitted for approval by the chairman, and presented to the board of directors, thereby implementing the spirit of corporate governance.</p> <p>5.Establishment of an open and transparent whistleblowing channel, along with whistleblowing procedures and processing protocols, to facilitate reporting by both internal and external individuals. Additionally, implementation of a mechanism to protect whistleblowers.</p>
Current Year Execution	<p>1.Education and Training: In order to emphasize integrity in the workplace and eradicate behaviors that violate the law, such as bribery or corruption, all new employees are required to sign the "Employee Clean and Self-discipline Commitment" upon joining the company, with a completion rate of 100%, totaling 100 individuals.</p> <p>2.Supplier Integrity Commitment: To ensure the quality of procurement work and prevent occupational crimes and other improper behaviors, all newly onboarded suppliers are required to sign the "Cooperative Supplier Integrity Commitment" with a completion rate of 100%. In the current year, this commitment was executed with 6 new suppliers, totaling 143 suppliers. This initiative aims to establish an environment of integrity in transactions and foster mutually beneficial cooperation, while collectively combating illegal activities such as commercial bribery.</p> <p>3.Promotion of Annual Audits.</p> <p>4.Enhancement of Whistleblowing Mechanism: Whistleblowing email: <a href="mailto:terrylin@irf.com.tw">terrylin@irf.com.tw</a>.</p>

3.3.7 The company has established corporate governance best-practice principles and related regulations, which can be accessed through the company website (<http://www.ironforce.com.tw>) > Corporate Governance > Important Internal Regulations.

3.3.8 Other important information that can enhance the understanding of corporate governance status can also be disclosed:

1. The company's director continuing education in fiscal year 2023: The company's continuing education of directors complies with the "Guidelines for Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies."

Job title	Name	Date of appointment	Date of continuing education		Organizer	Title of the course	Continuing education hours
Corporate director representative: Chairman	HUANG, CHENG-I	11/23/2003	07/04/2023	07/04/2023	Taiwan Stock Exchange	The Cathay Sustainable Finance and Climate Change Summit Forum in 2023	6.0
Director	HUANG, CHENG-CHUNG	11/23/2003	02/07/2023	02/07/2023	Taiwan Corporate Governance Association	Information Security Governance Practice: Analysis of Key Management Issues	3.0
			02/22/2023	02/22/2023	Taiwan Institute of Directors	Centenary Enterprise Strategy Turning Point Series-2 Innovation Wheel	3.0
Corporate director representative: Director	WAY, YUNG-DO	06/20/2012	04/07/2023	04/07/2023	Securities & Futures Institute	Advanced Seminar on the Practice of Directors and Supervisors (Including Independent) and Corporate Governance Supervisors-2030/2050 Green Industrial Revolution	3.0
			06/21/2023	06/21/2023	Taiwan Academy of Banking and Finance	Green Finance Leaders Roundtable Forum in 2023 -Promote the country's net-zero work and enter the deep water zone of sustainable finance	3.6
			07/04/2023	07/04/2023	Taiwan Stock Exchange	The Cathay Sustainable Finance and Climate Change Summit Forum in 2023	3.0
			07/05/2023	07/05/2023	Securities & Futures Institute	The CCP's political economy, international situation and cross-strait relations	3.0
			08/30/2023	08/30/2023	Taiwan Corporate Governance Association	ChatGPT's impact on the industry and its response	1.0
			09/08/2023	09/08/2023	Taipei Foundation of Finance	Corporate Governance-Information Security Governance and Corporate Resilience in the Financial Industry	3.0
			10/13/2023	10/13/2023	Taiwan Corporate Governance Association	How directors supervise the company's corporate risk management and crisis management	3.0
			12/08/2023	12/08/2023	Taiwan Corporate Governance Association	The development of artificial intelligence and the application of third-generation semiconductors in servers	3.0
			12/12/2023	12/12/2023	Taiwan Corporate Governance Association	The 19th (2023) International Summit Forum on Corporate Governance—Creating a new situation in governance and enhancing corporate value	3.0



Job title	Name	Date of appointment	Date of continuing education		Organizer	Title of the course	Continuing education hours
Corporate director representative: Director	CHANG, YUAN-JAN	06/20/2012	04/21/2023	04/21/2023	Taiwan Corporate Governance Association	How the board of directors can formulate ESG sustainable governance strategies in 2023	3.0
			08/15/2023	08/15/2023	Taiwan Corporate Governance Association	Patent layout and litigation practice	3.0
			12/05/2023	12/05/2023	Taiwan Corporate Governance Association	Global Economic Outlook and Industrial Trends in 2024	3.0
			12/26/2023	12/26/2023	Taiwan Corporate Governance Association	Circular economic benefits and sustainable financial business opportunities	3.0
			12/28/2023	12/28/2023	Taiwan Corporate Governance Association	Wangdao Management Accounting and Corporate Governance	1.0

Job title	Name	Date of appointment	Date of continuing education		Organizer	Title of the course	Continuing education hours
Independent director	SHIH, YAO-TSU	06/18/2013	11/29/2023	11/29/2023	Securities & Futures Institute	Internal Employee Stock Ownership Plan Legal Compliance Promotion Seminar in 2023	3.0
			12/22/2023	12/22/2023	Taiwan Corporate Governance Association	Carbon is connected, let's talk about carbon fees, carbon taxes, carbon rights and carbon trading	3.0
Independent director	WU, SU-HUAN	06/18/2013	11/23/2023	11/23/2023	Computer Audit Association	Various fraud techniques and forensic data analysis (FAD) techniques for false financial reports	6.0
Independent director	CHANG, SHA-WEI	06/02/2015	10/27/2023	10/27/2023	Taiwan Corporate Governance Association	CFamily Charters and Family Offices	3.0
			12/22/2023	12/22/2023	Taiwan Corporate Governance Association	Carbon is connected, let's talk about carbon fees, carbon taxes, carbon rights and carbon trading	3.0

2. Director's Liability Insurance Coverage Status:  
Reported in the 17th 10th Board Meeting on August 4th, 2023.

Insured party	Insurance company	Insurance amount	Insurance period:	Coverage status	Remarks
		(NT\$)			
All directors	Nanshan Property and Casualty Insurance Co., Ltd.	64,010,000	Begin: September 19th, 2023	Continuously insured	The insurance amount is equivalent to USD 2,000,000 based on the exchange rate of NT\$ 32.005
			Until: September 19th, 2024		

### 3.3.9 Disclosure on the implementation of internal control system:

#### A. Statement on Internal Control:

Iron Force Industrial Co., Ltd.  
Statement on Internal Control

Date: March 7, 2024

The Company states the following with regard to its internal control system during fiscal year 2023, based on the findings of its self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: 1. Control environment 2. risk assessment 3. control activities 4. information and communications 5. monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company (the Exchange) believes that as of December 31, 2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and the major laws, regulations, and bylaws, effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 7, 2024, six attending directors all affirmed the content of this Statement.

Iron Force Industrial Co., Ltd.

Chairman: HUANG, CHENG-I (signature)

President: HUANG, CHENG-CHUNG (signature)

2. The accountant commissioned to review the internal control system should disclose in the audit report: None.

3.3.10 The company and its internal personnel were legally punished, and the penalties for its internal personnel's violation of internal control system regulations, as well as the primary inadequacy and improvement status .in the past year and as of the date of publication of the annual report: None.

3.3.11 The company and its internal personnel were legally punished, and the penalties for its internal personnel's violation of internal control system regulations, as well as the primary inadequacy and improvement status .in the past year and as of the date of publication of the annual report: None.

1. The implementation status of resolutions in the fiscal year 2023 regular shareholders meeting:

meeting.

Resolutions	Status of implementation										
<p>1. Proposal on the business report and financial report in the fiscal year 2022.</p> <p>Resolution: The voting results for this resolution are as follows, with the number of voting rights present at the time of the vote: 50,149,343 of voting rights.</p> <table><tr><th>Voting results</th><th>Number of voting rights represented %</th></tr><tr><td>Number of affirmative votes: 47,799,845 of voting rights</td><td>95.31%</td></tr><tr><td>Number of negative votes: 5,183 of voting rights</td><td>0.01%</td></tr><tr><td>Number of invalid votes: 0 of voting right</td><td>0%</td></tr><tr><td>Number of abstentions and non-votes: 2,344,315 of voting rights</td><td>4.67%</td></tr></table> <p>The proposal was passed as originally proposed.</p>	Voting results	Number of voting rights represented %	Number of affirmative votes: 47,799,845 of voting rights	95.31%	Number of negative votes: 5,183 of voting rights	0.01%	Number of invalid votes: 0 of voting right	0%	Number of abstentions and non-votes: 2,344,315 of voting rights	4.67%	<p>Handle in accordance with the resolution content.</p>
Voting results	Number of voting rights represented %										
Number of affirmative votes: 47,799,845 of voting rights	95.31%										
Number of negative votes: 5,183 of voting rights	0.01%										
Number of invalid votes: 0 of voting right	0%										
Number of abstentions and non-votes: 2,344,315 of voting rights	4.67%										
<p>2. Proposal of the profit distribution in fiscal year 2022.</p> <p>Resolution: The voting results for this resolution are as follows, with the number of voting rights present at the time of the vote: 50,149,343 of voting rights.</p> <table><tr><th>Voting results</th><th>Number of voting rights represented %</th></tr><tr><td>Number of affirmative votes: 47,816,845 of voting rights</td><td>95.34%</td></tr><tr><td>Number of negative votes: 5,183</td><td>0.01%</td></tr></table>	Voting results	Number of voting rights represented %	Number of affirmative votes: 47,816,845 of voting rights	95.34%	Number of negative votes: 5,183	0.01%	<p>1.The company has decided on the date: June 27, 2023</p> <p>2. Types and amounts of dividends to be distributed: Common stock cash dividend NT\$ 303,121,124, distribution per share NT\$ 4.00.</p> <p>3. Ex-dividend date: July 26, 2023</p> <p>4. Last date of registration: July</p>				
Voting results	Number of voting rights represented %										
Number of affirmative votes: 47,816,845 of voting rights	95.34%										
Number of negative votes: 5,183	0.01%										

Resolutions		Status of implementation
of voting rights		27 ,2023
Number of invalid votes: 0 of voting right	0%	5. Starting date of share transfer suspension: July 28, 2023
Number of abstentions and non-votes: 2,327,315 of voting rights	4.64%	6. Deadline for share transfer suspension: August 1, 2023
The proposal was passed as originally proposed.		7. Record date for dividend distribution: August 1, 2023
		8. Cash dividend was distributed on August 18, 2023
3. Proposal of amendments to the company’s “Articles of Incorporation.” Resolution: The voting results for this resolution are as follows, with the number of voting rights present at the time of the vote: 50,149,343 of voting rights.		Handle in accordance with the resolution content.
Voting results	Number of voting rights represented %	
Number of affirmative votes: 47,816,845 of voting rights	95.34%	
Number of negative votes: 5,183 of voting rights	0.01%	
Number of invalid votes: 0 of voting right	0%	
Number of abstentions and non-votes: 2,327,315 of voting rights	4.64%	
The proposal was passed as originally proposed.		
4. Proposal of amendments to the company’s “P Amendment to the ordinance of shareholders meeting.” Resolution: The voting results for this resolution are as follows, with the number of voting rights present at the time of the vote: 50,149,343 of voting rights.		Handle in accordance with the resolution content.
Voting results	Number of voting rights represented %	
Number of affirmative votes: 47,816,845 of voting rights	95.34%	
Number of negative votes: 5,183 of voting rights	0.01%	
Number of invalid votes: 0 of voting right	0%	
Number of abstentions and non-votes: 2,327,315 of voting rights	4.64%	
The proposal was passed as originally proposed.		

2. Board resolutions in the fiscal year 2023 and as of the date of publication of the annual report:

Date/Session	Discussion items	Attendees of compensation committee
03.17, 2023 The 17th session The 8rd time	<ol style="list-style-type: none"> <li>1. Proposal on the remuneration distribution for employees and directors in fiscal year 2022</li> <li>2. The company's business report in fiscal year 2022</li> <li>3. The company's individual financial reports and consolidated financial reports in fiscal year 2022</li> <li>4. Proposal on the appointment and fees of certified accountants for the company</li> <li>5. The company regularly evaluates the independence and Competency of certified accountants</li> <li>6. Proposal of the company's profit distribution in fiscal year 2022</li> <li>7. The company issued "the Internal Control Statement" of fiscal year 2022</li> <li>8. Proposal of amendments to the internal control management measures</li> <li>9. Matters related to convening the fiscal year 2023 regular shareholders meeting and adopt exercise of voting rights by electronic</li> <li>10. The regular meeting of shareholders accept matters related to shareholder proposals in fiscal year 2023</li> </ol>	HUANG, CHENG-I HUANG, CHENG-CHUNG WAY, YUNG-DO CHANG, YUAN-JAN SHIH, YAO-TSU WU, SU-HUAN CHANG, SHA-WEI
05.05, 2023 The 17th session The 9th time	<ol style="list-style-type: none"> <li>1. Proposal of the company's consolidated financial reports for the second quarter of fiscal year 2023</li> <li>2. Proposal of amendments to the internal control management measures</li> <li>3. Proposal on the remuneration distribution for the company's directors in fiscal year 2022</li> <li>4. Renewal on the credit limit for Citibank Taiwan Ltd.</li> <li>5. Renewal on the credit limit for Shanghai Commercial and Savings Bank</li> <li>6. Proposal of amendments to the company's "Articles of Incorporation"</li> <li>7. Matters related to convening the fiscal year 2023 regular shareholders meeting (adding a proposal)</li> </ol>	HUANG, CHENG-I HUANG, CHENG-CHUNG WAY, YUNG-DO CHANG, YUAN-JAN SHIH, YAO-TSU CHANG, SHA-WEI WU, SU-HUAN
08.04, 2023 The 17th session The 10th time	<ol style="list-style-type: none"> <li>1. Proposal of the company's consolidated financial reports for the second quarter of fiscal year 2023</li> <li>2. Proposal of amendments to the internal control management measures</li> </ol>	HUANG, CHENG-I HUANG, CHENG-CHUNG WAY, YUNG-DO CHANG, YUAN-JAN SHIH, YAO-TSU CHANG, SHA-WEI WU, SU-HUAN (Entrusted attendance)
11.03, 2023 The 17th session The 11th time	<ol style="list-style-type: none"> <li>1. Proposal of the company's consolidated financial reports for the third quarter of fiscal year 2023</li> <li>2. Renewal on the credit limit for credit Taishin International Bank</li> <li>3. Renewal on the credit limit for TBC Bank Co., Ltd.</li> <li>4. Application on the credit limit for Yuanta Commercial Bank Co., Ltd.</li> <li>5. Provide guarantee for the credit limit for CTBC Bank of the sub-subsidiary</li> <li>6. Proposed to provide the loans and limit to the subsidiary, Iron Force Poland Sp. ZO.O.</li> <li>7. Proposal of the company's installment on "Chief information security officer,"</li> <li>8. Proposal on the appointment and remuneration of managers</li> </ol>	HUANG, CHENG-I HUANG, CHENG-CHUNG WAY, YUNG-DO CHANG, YUAN-JAN SHIH, YAO-TSU WU, SU-HUAN CHANG, SHA-WEI

Date/Session	Discussion items	Attendees of compensation committee
12.15, 2023 The 17th session The 12th time	1. Operation plans and Budget of the company in the fiscal year 2024 2. The annual audit plan of the internal audit in the fiscal year 2024 3. Renewing the loans and limit of E.SUN Bank (China) Shenzhen Branch for Huzhou Iron Force Metal Products Co., Ltd. 4. Proposal on year-end bonus for the chairman and managers of the company and its subsidiaries in fiscal year 2023 5. Proposal on salary adjustment policy for the chairman and managers of the company and its subsidiaries in fiscal year 2024	HUANG, CHENG-I HUANG, CHENG-CHUNG WAY, YUNG-DO CHANG, YUAN-JAN SHIH, YAO-TSU WU, SU-HUAN CHANG, SHA-WEI

3.3.12 If there are no recorded or written statements from directors or supervisors who have different opinions on important decisions passed by the board of directors in the last year and as of the date of publication of the annual report: None.

3.3.13 Summary of resignations and dismissals of chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer in the last year and as of the date of publication of the annual report:

《Summary of Resignations and Dismissals of Key Personnel of the Company》

December 31, 2023

Job title	Name	Date of appointment	Date of termination	Reason for resignation or dismissal
The President to Special Assistant	LI, JUN-XIAN	August 22, 2022	September 1, 2023	Job Transfer (Note)

Note: The President to Special Assistant has been transferred to Vice President to Special Assistant on September 1, 2023.

### 3.4 Information on CPA (External Auditor) Professional Fees

#### 3.4.1 Information on CPA (External auditor) professional fees range table:

Unit: NT\$ Thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
PwC Taiwan	CHEN, JIN-CHANG	From January 1, 2023 to December 31, 2023	2,940	350	3,290	-
	LIN, YI-FAN					

Non-audit fee services include: transfer pricing reports and related expenses, travel expenses of PwC Taiwan, and report printing fees.

3.4.2 It should disclose the amount and reasons for the change in audit fees between the current year and the previous year, when changing accounting firms and experiencing a decrease in audit fees: Not applicable.

3.4.3 It should disclose the decreasing amount, percentage, and reasons in audit fees when the decrease in audit fees compared to the previous year is more than 10%: Not applicable.

#### 3.5 Change of accountants:

In response to promotion of the corporate governance and to cooperate with the internal job rotation of PwC Taiwan, since the first quarter of 2018, CPAs of the company has been replaced by former accountant DU, PEI-LING and accountant WU, HAN-QI changed to accountant CHEN, JIN-CHANG and accountant LIN, YI-FAN, it has been discussed and approved by the audit committee and the board of directors on March, 16 2018.

3.6 The employment of the company's chairman, general manager, financial or accounting manager with the firm of the auditing CPA or its affiliated businesses in the past year: Not applicable.



3.7 Particulars about changes in shareholding and equity pledge of directors, supervisors, managers, and shareholders holding more than 10% of the company's shares in the past year and as of the date of publication of the annual report:

3.7.1 Changes in shareholding of directors, supervisors, managerial officers, and major shareholders  
Units: Shares

Job title	Name	Fiscal year 2023		Current fiscal year as of March 31	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Director (and 10% major shareholder)	Meng Ching Investment Co., Ltd.	—	—	—	—
Representative of the director	HUANG, CHENG-I	—	—	—	—
Director and President of Iron Force Group	HUANG, CHENG-CHUNG	—	—	—	—
Representative of the director	CHANG, YUAN-JAN	—	—	—	—
Director	YCSY Co., Ltd.	—	—	—	—
Representative of the director	WAY, YUNG-DO	—	—	—	—
Independent director	WU, SU-HUAN	—	—	—	—
Independent director	SHIH, YAO-TSU	—	—	—	—
Independent director	CHANG, SHA-WEI	—	—	—	—
Deputy President of Iron Force Group	LI, ZHI-GANG	—	—	—	—
Director of Auto Parts Division, Huzhou	LIU, SHI-WEI	—	—	—	—
Director of Auto Parts Division, Taiwan	ZHANG, AN-QI	—	—	—	—
Director of New Business Development Division	LIN, ZHAO-REN	—	—	—	—
Associate Director of Administration Division	LIN, DING-JUN	—	—	—	—
Director of Finance and Accounting Division	CHEN, LI-NUNG	—	—	—	—
Vice President to Special Assistant (Note)	GAO, YI-HUAN	—	—	—	—
Director of Display and Houseware Division, Taiwan	HUANG, I-YANG	—	—	—	—

Note: The job transfer and removed from insider on September 1, 2023.

3.7.2 Information on transfers of shareholding: Not applicable.

3.7.3 Information on pledges of shareholding: There is no related party situation in which the counterparty of pledges of shareholding has no equity interest.

3.8 Information of shareholding percentage is among the top ten of the company shareholders and the related parties are within the spouses or the second degree of kinship:

**Relationships among the top 10 shareholders**

Units: Shares

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
MENG CHING INVESTMENT CO., LTD	19,386,486	25.58%	—	—	—	—	Zheng Yu Investment Co., Ltd.  HUANG, CHENG-I Fan Yang Investment Co., Ltd. Yang Fan Investment Co., Ltd. Pin Chung Investment Co., Ltd. I Yang Investment Ltd.  I Fan Investment Ltd.  ZHANG, ZHI-MING	The company's chairman within the second degree of kinship  The chairman of the company The chairman is the same person  The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The spouse of the company's chairman	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Representative: HUANG, CHENG-I	9,175	0.01%	2,981	—	3,000,000	3.96%	Zheng Yu Investment Co., Ltd. Fan Yang Investment Co., Ltd. Yang Fan Investment Co., Ltd. Pin Chung Investment Co., Ltd. I Yang Investment Ltd. I Fan Investment Ltd. ZHANG, ZHI-MING SinoPac Securities Corporation Trust Account	The company's chairman within the second degree of kinship The chairman is the same person The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The spouse	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Zheng Yu Investment Co., Ltd.	4,942,980	6.52%	—	—	—	—	MENG CHING INVESTMENT CO., LTD. HUANG, CHENG-I  Fan Yang Investment Co., Ltd. Pin Chung Investment Co., Ltd. ZHANG, ZHI-MING	The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship	—
Representative: HUANG, CHENG-CHUNG	32,534	0.04%	—	—	4,942,980	6.52%	MENG CHING INVESTMENT CO., LTD. HUANG, CHENG-I  Fan Yang Investment Co., Ltd. Pin Chung Investment Co., Ltd. ZHANG, ZHI-MING	The company's chairman within the second degree of kinship Within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship Within the second degree of kinship	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Fan Yang Investment Co., Ltd.	3,000,000	3.96%	—	—	—	—	MENG CHING INVESTMENT CO., LTD. Zheng Yu Investment Co., Ltd. HUANG, CHENG-I Yang Fan Investment Co., Ltd. Pin Chung Investment Co., Ltd. I Yang Investment Ltd.  I Fan Investment Ltd. ZHANG, ZHI-MING	The chairman is the same person  The company's chairman within the second degree of kinship The chairman of the company The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The spouse of the company's chairman	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Representative: HUANG, CHENG-I	9,175	0.01%	2,981	—	3,000,000	3.96%	MENG CHING INVESTMENT CO., LTD. Zheng Yu Investment Co., Ltd. Fan Yang Investment Co., Ltd. Yang Fan Investment Co., Ltd. Pin Chung Investment Co., Ltd. I Yang Investment Ltd.  I Fan Investment Ltd.  ZHANG, ZHI-MING SinoPac Securities Corporation Trust Account	The chairman of the company  The company's chairman within the second degree of kinship The chairman of the company  The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The spouse	—
He Fu Investment Ltd.	2,400,000	3.17%	—	—	—	—	None	None	—
Representative: HUANG, JIE-ZHI	20,871	0.03%	—	—	—	—	Zheng Yu Investment Co., Ltd.	The company's chairman within the second degree of kinship	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
HUANG, CHENG-I	9,175	0.01%	2,981	—	3,000,000	3.96%	MENG CHING INVESTMENT CO., LTD. Zheng Yu Investment Co., Ltd. Fan Yang Investment Co., Ltd. Yang Fan Investment Co., Ltd. Pin Chung Investment Co., Ltd. I Yang Investment Ltd.  I Fan Investment Ltd.  ZHANG, ZHI-MING SinoPac Securities Corporation Trust Account	The chairman of the company  The company's chairman within the second degree of kinship The chairman of the company  The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The spouse	—
Pin Chung Investment Co., Ltd.	1,982,586	2.62%	—	—	—	—	MENG CHING INVESTMENT CO., LTD. Zheng Yu Investment Co., Ltd. HUANG, CHENG-I  Fan Yang Investment Co., Ltd. ZHANG, ZHI-MING	The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Representative: HUANG, ZHENG-GUAN G	925,970	1.22%	383,834	0.51%	—	—	MENG CHING INVESTMENT CO., LTD. Zheng Yu Investment Co., Ltd. HUANG, CHENG-I  Fan Yang Investment Co., Ltd.	The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship Within the second degree of kinship The company's chairman within the second degree of kinship Within the second degree of	—
Yang Fan Investment Co., Ltd.	1,953,553	2.58%	—	—	—	—	MENG CHING INVESTMENT CO., LTD. HUANG, CHENG-I  Fan Yang Investment Co., Ltd. I Yang Investment Ltd.  I Fan Investment Ltd. ZHANG, ZHI-MING	The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The chairman is the same person The company's chairman within the second degree of kinship	—



Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Representative: HUANG, YI-FAN	279	—	123,800	0.16%	—	—	MENG CHING INVESTMENT CO., LTD. HUANG, CHENG-I Fan Yang Investment Co., Ltd.  I Yang Investment Ltd.  I Fan Investment Ltd. ZHANG, ZHI-MING	The company's chairman within the second degree of kinship Within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The chairman is the same person Within the second degree of kinship	—
I Yang Investment Ltd.	1,771,842	2.34%	—	—	—	—	MENG CHING INVESTMENT CO., LTD. HUANG, CHENG-I  Fan Yang Investment Co., Ltd. Yang Fan Investment Co., Ltd. I Fan Investment Ltd.  ZHANG, ZHI-MING	The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Representative: HUANG, I-YANG	76,412	0.10%	—	—	—	—	MENG CHING INVESTMENT CO., LTD. HUANG, CHENG-I  Fan Yang Investment Co., Ltd. Yang Fan Investment Co., Ltd. I Fan Investment Ltd.  ZHANG, ZHI-MING	The company's chairman within the second degree of kinship Within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship Within the second degree of kinship	—
I Fan Investment Ltd.	1,663,842	2.20%	—	—	—	—	MENG CHING INVESTMENT CO., LTD. HUANG, CHENG-I  Fan Yang Investment Co., Ltd. I Yang Investment Ltd.  ZHANG, ZHI-MING	The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The chairman is the same person  The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
Representative: HUANG, I-YANG	279	—	123,800	0.16%	—	—	MENG CHING INVESTMENT CO., LTD. HUANG, CHENG-I  Fan Yang Investment Co., Ltd. I Yang Investment Ltd.  ZHANG, ZHI-MING	The company's chairman within the second degree of kinship Within the second degree of kinship The chairman is the same person  The company's chairman within the second degree of kinship Within the second degree of kinship	—
ZHANG, ZHI-MING	2,981	—	9,175	0.01%	—	—	MENG CHING INVESTMENT CO., LTD. Zheng Yu Investment Co., Ltd. Fan Yang Investment Co., Ltd Yang Fan Investment Co., Ltd Pin Chung Investment Co., Ltd. I Yang Investment Ltd.  I Fan Investment Ltd.  HUANG, CHENG-I SinoPac Securities Corporation Trust Account	The spouse of the company's chairman The company's chairman within the second degree of kinship The spouse of the company's chairman The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The company's chairman within the second degree of kinship The spouse	—

Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
	Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
SinoPac Securities Corporation HUANG, CHENG-I Trust Account	2,000,000	2.64%	—	—	—	—	HUANG, CHENG-I	—	—
SinoPac Securities Corporation ZHANG, ZHI-MING Trust Account	1,290,000	1.70%	—	—	—	—	ZHANG, ZHI-MING	—	—

3.9 The combined shareholding percentage of a company, its directors, supervisors, managerial officers and directly or indirectly controlled by the company in the same re-invested businesses, which shall be calculated and consolidated:

**Total ownership of shares in investee enterprises**

Unit: Shares; %

Investee enterprise	Investment by the company		Investment by the Directors, supervisors, managerial officers and directly or indirectly controlled entities of the company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
Cortec GmbH	Note 1	100%	—	—	Note 1	100%
Transtat Investment Ltd.	25,996,966	100%	—	—	25,996,966	100%
Zhejiang Iron Force Metal Products Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Huzhou Iron Force Metal Products Co., Ltd.	Note 1	100%	—	—	Note 1	100%
Iron Force Poland Sp. z o.o.	1,600,000	100%	—	—	1,600,000	100%
Cortec Verwaltungs GmbH	Note 1, Note 2	100%	—	—	Note 1, Note 2	100%
Cortec Kunststoff Technik GmbH & Co. KG	Note 1, Note 2	100%	—	—	Note 1, Note 2	100%

Note 1: Limited/ limited partnership is unissued shares, not applicable.

Note 2: Cortec Kunststoff Technik GmbH & Co. KG is limited partnership, which registered business representative in local is general partner: Cortec Verwaltungs GmbH.

#### IV. Capital Overview

##### 4.1 Capital and shares

###### 4.1.1 Sources of capital

###### (1) Sources of capital

December 31, 2023 Unit: NT\$ Thousands; Thousands shares

Month/ year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capital	Capital paid in by assets other than cash	Other
April, 1977	1,000	1	1,000	1	1,000	Registered capital	None	-
Until June, 1995	1,000	12.50	12,500	12.50	12,500	Capital increase	None	-
July, 1998	1,000	39.15	39,150	39.15	39,150	Merger capital increase	None	Note 1
November, 2001	10	11,000	110,000	11,000	110,000	Capital increase	None	Note 2
April, 2003	10	11,100	111,000	11,100	111,000	Capital increase	None	Note 3
December, 2003	10	60,000	600,000	22,200	222,000	Capital increase	None	Note 4
September, 2004	10	60,000	600,000	37,740	377,400	Profits turned into capital increase	None	Note 5
September, 2005	10	60,000	600,000	52,836	528,360	Profits turned into capital increase	None	Note 6
September, 2006	10	70,000	700,000	60,233	602,330	Profits turned into capital increase	None	Note 7
March, 2012	10	70,000	700,000	60,233	602,330	Profits turned into capital increase	None	Note 8
September, 2012	10	70,000	700,000	65,033	650,330	Capital increase	None	Note 9
December, 2013	10	100,000	1,000,000	71,705	717,050	Capital increase	None	Note 10
September, 2015	10	100,000	1,000,000	73,505	735,050	Capital increase	None	Note 11

Month/ year	Issued price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of capital	Capital paid in by assets other than cash	Other
November, 2015	10	100,000	1,000,000	74,981	749,810	Corporate bond converts into common stock	None	Note 12
April, 2016	10	100,000	1,000,000	75,484	754,844	Corporate bond converts into common stock	None	Note 13
August, 2016	10	100,000	1,000,000	75,734	757,346	Corporate bond converts into common stock	None	Note 14
January, 2017	10	100,000	1,000,000	75,754	757,547	Corporate bond converts into common stock	None	Note 15
April, 2017	10	100,000	1,000,000	75,758	757,586	Corporate bond converts into common stock	None	Note 16
July, 2017	10	100,000	1,000,000	75,758	757,586	Corporate bond converts into common stock	None	Note 17
August, 2017	10	100,000	1,000,000	75,780	757,803	Corporate bond converts into common stock	None	Note 18
July, 2020	10	130,000	1,300,000	75,780	757,803	Corporate bond converts into common stock	None	Note 19

Note 1: Issue date and No.: 07.02, 1998 Construction-Ministry-Section C-189259.

Note 2: Issue date and No.: 12.18, 2001 Commerce-Department (90)-09001498990 (Current increase and change in par value to NT\$10 per share).

Note 3: Issue date and No.: 05. 05, 2003 Commerce-Department-09201131640.

Note 4: Issue date and No.: 12.12, 2003 Economic-Affairs-Ministry-09233095550.

Note 5: Issue date and No.: 09.07, 2004 Economic-Affairs-Ministry-09332679200.  
Note 6: Issue date and No.: 09.06, 2005 Commerce-Department-09401175250.  
Note 7: Issue date and No.: 09.21, 2006 Commerce-Department-09501215600.  
Note 8: The company has already amended the Articles of Incorporation during the annual general meeting of shareholders in the fiscal year 2012 on February 17, 2012. The approved amendment raised the authorized capital to 100,000 thousands shares.  
Note 9: Issue date and No.: 07.18, 2012 Financial-Supervisory-Securities-Corporate-1010031978.  
Note 10: Issue date and No.: 10.01, 2013 Financial-Supervisory-Securities-Corporate-1020039845  
Note 11: Issue date and No.: 05.07, 2015 Financial-Supervisory-Securities-Corporate-1040014708.  
Note 12: Issue date and No.: 11.26, 2015 Commerce-Department-10401251560.  
Note 13: Issue date and No.: 04.01, 2016 Commerce-Department-10501062560.  
Note 14: Issue date and No.: 08.25, 2015 Commerce-Department-10501209840.  
Note 15: Issue date and No.: 01.06, 2017 Commerce-Department-10501298650.  
Note 16: Issue date and No.: 04.07, 2017 Commerce-Department-10601043360.  
Note 17: Issue date and No.: 07.03, 2017 Commerce-Department-10601084700.  
Note 18: Issue date and No.: 08.29, 2017 Commerce-Department-10601122820.  
Note 19: Issue date and No.: 07.30, 2020 Commerce-Department-10901129670.

(2) Type of stock

December 31, 2023 Unit: Shares

Type of stock	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	75,780,281	54,219,719	130,000,000	—
Total	75,780,281	54,219,719	130,000,000	—

- (3) The relevant information should be disclosed includes the approved amount, the planned issuance and securities regarding the issued securities which approved to raise funds through the General Declaration System: Not applicable.



#### 4.1.2 Shareholder composition

April 23, 2024

Shareholder composition Quantity	Government agencies	Financial institutions	Other legal entities	Individuals	Foreign institutions and foreign individuals	Total
No. of	0	4	49	6,487	76	6,616
No. of shares	0	1,050,000	41,804,806	25,114,713	7,810,762	75,780,281
Shareholding	0	1.39%	55.16%	33.14%	10.31%	100%

#### 4.1.3 Distribution of shareholding

April 23, 2024

Range of no. of shares held	No. of shareholders	Shareholding (shares)	Shareholding (%)
1 to 999	1,119	149,959	0.2%
1,000 to 5,000	4,560	8,574,252	11.31%
5,001 to 10,000	457	3,583,496	4.73%
10,001 to 15,000	138	1,785,464	2.36%
15,001 to 20,000	85	1,569,794	2.07%
20,001 to 30,000	100	2,526,786	3.33%
30,001 to 40,000	45	1,590,309	2.1%
40,001 to 50,000	21	955,000	1.26%
50,001 to 100,000	40	2,862,386	3.78%
100,001 to 200,000	18	2,232,743	2.95%
200,001 to 400,000	15	4,483,341	5.92%
400,001 to 600,000	3	1,414,000	1.87%
600,001 to 800,000	4	2,735,492	3.61%
800,001 to 1,000,000	1	925,970	1.22%
Above 1,000,001	10	40,391,289	53.29%
Total	6,616	75,780,281	100.00%

#### 4.1.4 List of major shareholders

April 23, 2024

Names of major shareholders	Shares	Shareholding (shares) (Note)	Shareholding (%)
Meng Ching Investment Co., Ltd		19,386,486	25.58%
Zheng Yu Investment Co., Ltd.		4,942,980	6.52%
Fan Yang Investment Co., Ltd.		3,000,000	3.96%
He Fu Investment Ltd.		2,400,000	3.17%
SinoPac Securities Corporation HUANG, CHENG-I Trust Account		2,000,000	2.64%
Pin Chung Investment Co., Ltd.		1,982,586	2.62%
Yang Fan Investment Co., Ltd.		1,953,553	2.58%
I Yang Investment Ltd.		1,771,842	2.34%
I Fan Investment Ltd.		1,663,842	2.20%
SinoPac Securities Corporation HUANG, CHENG-I Trust Account		1,290,000	1.70%

Note: The names of shareholders with a shareholding percentage of 5% or more or the top ten shareholders by shareholding percentage, along with their shareholding amounts and percentages, should be disclosed.

#### 4.1.5 The share's market price, net worth, earnings and dividends per share for the past two years:

Units: NT\$ Thousands; Thousand shares

Fiscal year			2022	2023	Current year to March 31, 2024
Item					
Market price per share	Highest		91.30	110.00	100.50
	Lowest		61.00	72.10	86.00
	Average		70.77	88.41	—
Net worth per share	Before distribution		54.95	57.58	—
	After distribution		91.30	Note	—
Earnings per share	Weighted average shares		75,780	75,780	—
	Earnings per share		5.97	6.78	—
Dividends per share	Cash dividends		2.00	Note	—
	Stock dividends	Dividends from retained earnings	—	—	—
		Dividends from capital reserve	—	—	—

Fiscal year		2022	2023	Current year to March 31, 2024
Item				
	Accumulated undistributed dividends	—	—	—
Return on investment analysis	Price/earnings ratio	11.85	13.04	—
	Price/dividend ratio	17.69	Note	—
	Cash dividend yield	5.65	Note	—

Note: Proposal of profit distribution for the fiscal year 2023 has been approved by the board of directors but has not yet been approved by the shareholders' meeting.

#### 4.1.6 Company dividend policy and implementation status

##### 1. Company dividend policy

The current Articles of Incorporation regarding dividend policy as follows:

##### Article 20:

The dividend policy of the company will be determined based on future capital expenditure budgets and funding requirements. It may retain a portion of the earnings at the discretion for operational needs. The remaining portion will be distributed as cash dividends and stock dividends, which shall not be less than 10% of the distributable earnings for the fiscal year. However, the total amount of cash dividends distributed shall not be less than 10% of the total dividend amount. The beneficiaries of employee stock dividends may not include only the employees but also employees of subsidiary companies that meet certain conditions established by the authorized board of directors.

##### 2. The proposed dividend distribution at the current shareholders' meeting

The board of directors has formulated a profit distribution plan for the fiscal year 2023, which proposes a cash dividend of NT\$ 5.

#### 4.1.7 Impact of the proposed bonus shares on the company's operating performance and earnings per share: Not applicable.

#### 4.1.8 Bonuses of employees, directors and supervisors

##### 1. The percentages or ranges of employees and directors' remuneration as stated in the Articles of Incorporation:

If the company has gained profits with a fiscal year, no less than 0.5% of the profits should be reserved as the employee profit-sharing compensation which will be distributed by the board of directors in the form of stock or cash; the company may allocate no more than 5 % of the profits shall be reserved as the directors' remuneration by resolution of the board of directors. The employee remuneration and director remuneration distribution proposal should be presented in a report to the shareholders' meeting; however, in case of the accumulated deficits, certain profits shall first be reserved to cover them.

The net income obtained by the company after annual financial statements, apart from withholding income tax as required by law, the net income should be used to offset accumulated deficits from previous fiscal years. The remaining amount should be set aside as legal reserve at a rate of 10%; however, if the legal reserve has already reached the paid-in capital of the company, it may no longer be required to be allocated. The remaining amount should be allocated or reversed to the special reserve in accordance with legal provisions and regulations. The remaining amount combined with accumulated undistributed earnings, will be proposed by the board of directors as a distribution resolution to be submitted for approval at the shareholders' meeting.

##### 2. The accounting treatment for any differences between the estimated figure and the actual amount of employees and directors' remuneration, as well as the calculation basis for distributing dividend in the form of stock and the actual amount distributed: The estimated figure for employee bonuses and director remuneration in the company is based on the current after-tax net profit, taking into consideration factors such as the legal reserve. The estimation is made using a percentage specified in the Articles of Incorporation and these estimated figures are recognized as operating expenses in the current period. However, if

the actual amount distributed is different from the estimated figure due to a decision made by the shareholders' meeting, the difference is recognized as part of the profit or loss for the year in which the shareholders' meeting resolution was made.

3. Information on any approval by the board of directors of distribution of remuneration:

(1) Distribution of employees and director remuneration:

The difference between the director remuneration of NT\$1,468 and employee remuneration of NT\$3,000, approved by the board of directors on March 17, 2023, and the director remuneration of NT\$1,500 and employee remuneration of NT\$8,947 recognized in the financial report for the fiscal year 2022, is considered an accounting estimate change. It will be recorded in the income statement for the year 2023.

(2) Proposed amount of employee stock dividends and the proportion to the net profit after-tax of individual or separate financial report at the current period and total amount of employee bonuses: Not applicable.

(3) Calculation of earnings per share considering the proposed distribution of employee and director remuneration: Not applicable.

4. The actual distribution of employee dividend, director, and supervisor remuneration for the previous fiscal year (including distribution of stock shares, amount, and stock price), and the differences between the number of shares, amounts, and stock prices for the distribution of employee remuneration, director remuneration, and dividends, as well as the reasons and handling of such difference:

	Resolution of shareholders' meeting for distributed amount	Actual distributed amount
Directors' remuneration (Cash)	1,467,856	1,467,856
Employees' remuneration (Cash)	3,000,000	3,000,000

Note: The cash remuneration for employees was disbursed after the resolution was approval by the Board of Directors in 2023.

4.1.9 Status of a company repurchasing its own shares: Not applicable.

#### 4.2 Corporate Bonds (Including Overseas Corporate Bonds) :

Type of corporate bonds	Second domestic unsecured convertible corporate bond	
Issue date	March 9, 2020	
Face value	NT\$1,000,000	
Place of issue and trading	Not applicable	
Issue price	Each bond has a face value of NT\$1,000,000 and is issued at 105.98% of the face value.	
Issue amount	NT\$300,000 thousands	
Coupon rate	The coupon rate 0%	
Term	A term of three years; the maturity date is on March 9, 2023.	
Guarantor	None	
Trustee	KGI Commercial Bank Co., Ltd.	
Underwriter	Yuanta Securities Co., Ltd.	
Attesting lawyer	Attorney at law QIU, YA-WEN of FAR EAST LAW OFFICE	
Attesting CPA	Accountant CHEN, JIN-CHANG and accountant LIN, YI-FAN of PwC Taiwan	
Redemption method	The bond will be repaid in cash in a lump sum at maturity, unless it is converted or redeemed according to the conversion terms.	
Unredeemed balance	The trading on the over-the-counter market for this bond will cease on March 10, 2023.	
Conditions for redemption or early redemption	According to Article 18 of the terms and conditions of this convertible corporate bond issuance	
Restrictive covenants	According to Article 9 of the terms and conditions of this convertible corporate bond issuance	
Name of rating agency, date and result of rating		None
Other rights	The monetary amount of common shares, global depositary receipts, or other securities already converted, exchanged, or subscribed	None
	The issuance and conversion rules	According to Article 9 and 10 of the terms and conditions of this convertible corporate bond issuance
The possible dilution of shareholding and influence on shareholder equity	The company plans to raise funds through the issuance of convertible corporate bonds. As convertible bonds are a debt-based financing instrument, they do not immediately dilute the company's equity or impact earnings per share until bondholders choose to exercise their conversion rights. The conversion is typically at a time that is favorable to the bondholders, and until conversion is requested, there is no immediate impact on the company's ownership or earnings. This provides a deferred effect on equity dilution and allows the company to maintain its operational control and earnings per share in the short term.	

4.3 Preferred shares: Not applicable.

4.4 Participating overseas depositary receipts: Not applicable.

4.5 Employee stock options: Not applicable. °

4.6 Restricted employee stock options: Not applicable.

4.7 Issuance of new shares for acquisition or exchange of other companies' shares: Not applicable.

4.8 Financing plans and implementation:

The company has not issued any unfinished projects or projects completed within the last three years with no apparent benefits.

## V. Operations Profile

### 5.1 The Operation of Company

#### 5.1.1 Business Description

##### 1. Business Scope:

##### (1) Major Business Items of the Company

- A. CD01030 Manufacture of motor vehicles and parts.
- B. F401010 International trade.
- C. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### (2) Operating Ratio of Major Products

Units: NT\$ Thousands; %

Revenue ratio Product items	2022		2023	
	Revenue	Ratio	Revenue	Ratio
Automotive parts	3,520,742	80.50%	4,157,351	84.94%
Display fixtures	853,043	19.50%	736,907	15.06%
Total	4,373,785	100.00%	4,894,258	100.00%

##### (3) Current Product Items and New Products Planned to Be Developed

##### A. Current product items

- (A) Side Impact Airbag Inflator Sub Assembly: Inflator module installed on the side of the passenger seat.
- (B) Side Curtain Airbags Inflator Sub Body and Part: Airbags can be expanded that can cover the entire length of cabin when it suffered the side impact, it is not only can protect the driver and passengers' heads, but also prevent the driver and passengers was catapulted out of the car when the car turns over.
- (C) Knee Airbag Inflator Sub Assembly: It is an inflator module installed at the steering wheel-base bottom of the driver's seat to protect the driver's knees.
- (D) The Precision Pipe & Pinion of Pretensioner Seatbelt: Using a small amount gunpowder to trigger the seat belt device, and the passenger is fasted to the seat to reduce the impact on the cervical spine and thoracic cavity before the airbag is activated by co-working with precise tube



device to direct the steel ball to roll pinion, effectively locking the seat belt.

- (E) Steering System: The steering wheel seat components and adjusting mechanism components.
- (F) Fuel Cooler Pipe: The pipe fitting is installed on the ECU module and using the diesel fuel as the circulating cooling medium to reduce the heat generated during the operation of the ECU module and ensure the operating ambient temperature of the ECU module.
- (G) Inflatable Seatbelt Assembly: For the airbag designed on the seat belt, the airbag is activated in an emergency to protect and fasten passengers' body parts.
- (H) Steering Column of Electrical Power Steering System: The inner tube, outer tube and related components of the collapsible safety steering column's upper shaft are provided with connecting the steering wheel and steering gear; besides, they provide the safety collapse function.
- (I) The Pretensioner Seatbelt of the Buckle: It is installed under the seat and collocated with the pretensioner seatbelt, the pretension force can reach to 3000 newton and provides more effective safety protection.
- (J) Active Hood Lift System Components: It is an active protection system for pedestrians, which is installed under the hood. When the vehicle hits a pedestrian, which will connect to the lifting of the hood, and it is the protection system to decline the head injury of a pedestrian caused by hitting the hood or the front windshield.
- (K) CDC Damper Components: It is a component of the shock absorber using the electronic control on the coefficient of damping to assist the shock absorber to achieve the best fuel consumption control when it is activated; therefore, it can increase the vehicle running's safety factor and comfort.
- (L) Heat Sink: Structural parts of the integral whole modules are made by pure aluminum forging and pure copper forging, the material has low thermal resistance, which is beneficial to the heat conduction, and combined geometrical features to increase the heat dissipating surface, it can ensure the normal operating temperature and increased longevity of heating elements.
- (M) Display Fixture, Housewares & Hanger: It is a display of various products and hangers of various materials, it mostly sold to large chain

stores in Europe, America and Japan.

B. New products planned to be developed:

- (A) A New Generation of Airbag Components on Driver's Seat
- (B) A New Generation of Airbag Components on Passengers' Seats
- (C) A New Generation of Side Impact Airbag Components
- (D) A New Generation of Side Curtain Airbag Components
- (E) A New Generation of Steering System Components
- (F) A New Generation of Hybrid Airbag Components
- (G) Hood Lift System Components
- (H) Brake System Components
- (I) A New Generation of CDC Damper Components
- (J) The Switch of Upper Swaging Steering Gear and Upper Shaft Assembly
- (K) The Steering Wheel Forging Buckle Collar
- (L) Upper Shaft of Steering Gear
- (M) Small Diameter, Light-weight Seat Belt Tube
- (N) The Second Generation of Active Hood Lift System
- (O) The Steering Wheel Active Steering Assist System Components
- (P) Hybrid Engine Transmission Components
- (Q) Automotive Camera Metal Sub Assembly
- (R) Automotive Heat Dissipating Components
- (S) E-BUS Steering Column Module
- (T) The Third Generation Side Impact Airbag Components
- (U) Assembly of Mechanical Module of Pretensioner Seatbelt
- (V) EV Car Battery Packs Frame Riveting Parts
- (W) EV Car High Voltage Connector Terminal
- (X) Automotive New Type IGBT Copper Baseplate

(Y) Automotive Aluminum-casted Cooler Module

(Z) Automotive Complex Aluminum Material Cooler Module

(AA) Server-used Liquid Cooling Rack Manifold

## 2. Industry Overview:

### (1) Industry Overview and Development

#### A. The automotive component industry

##### (A) Industry Overview

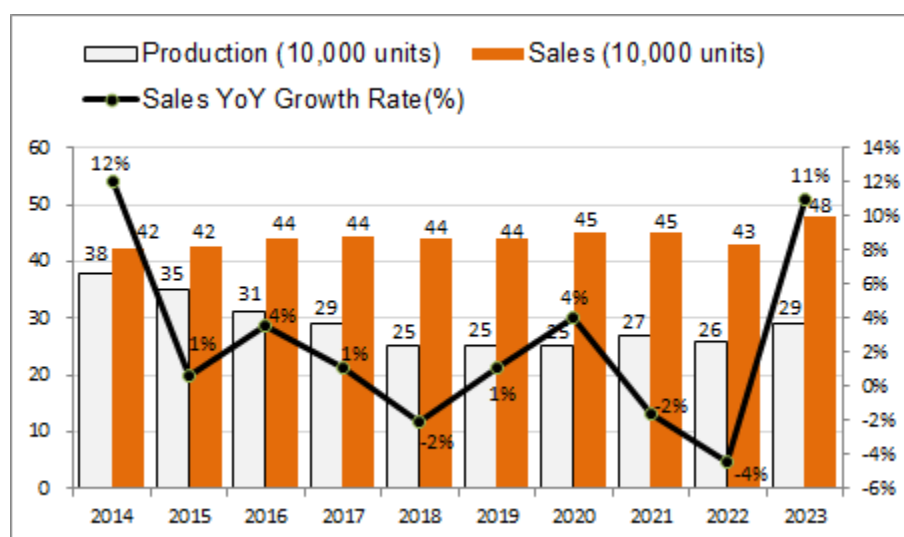
Looking back at Taiwanese automotive market in 2017, the continuation of commodity tax incentives measures which officially implemented on January 8, 2016, still has positive stimulating effect on annual new car sales. These incentives up to five years to encourage consumers who purchase new cars, if they have attached the certificate of “scrapping” or “export” of the old car, then they can receive the discount of NT\$50,000, which has obviously increased the enthusiasm for buying new cars. The cumulative sales volume was about 444,000 vehicles in 2017. However, due to the uncertain impact of global economic situation in the following year, even though the subsidy policy was kept promoting, each depot has launched a heavy hitter of new cars and strengthen the promotion, the sales volume was decreased to 435,000 units, it reduced about 2% compared to 2017. China–United States trade war was disputed constantly in 2019; however, the economic performance of Taiwan was better than the expectation with the annual growth of 2.71%. In addition, a variety of mainstream new cars are under the customs detention, which caused the annual sales volume reached to 439,000 units, it increased 1 % compared to 2018. The seriously impact to the world was suffered by COVID-19 in 2020, but Taiwanese automotive market has achieved good results. Driven by factors such as the topic of new cars, the popularity of citizen travel, Taiwan stock hit the record high and the retirement subsidy is supposed to be expired, etc., the annual sales volume has reached 457,000 units, it increased 4% compared to 2019. Due to the outbreak of COVID-19 again in 2021, and double influences of the shortage of automotive chips in the global supply chain, the sales volume was 449,000 units, it reduced about 2% compared to 2020. Due to the continuous shortage of automotive chips in 2022, the sales volume has

decreased again to 429,000 units, it reduced 4 % compared to the previous year.

Due to strong demand in the automotive market in 2023, the sales volume reached the originally estimated scale. The deferral of orders during the COVID-19 was delivered in 2023 and it contributed to the overall market development, with sales reaching 477,000 units, representing an 11% year-on-year increase.

Looking forward to the Taiwanese automotive market in 2024, while brands remain active in launching new models and updates, and the rigid demand for vehicle replacement is expected to persist, the anticipated normalization of delivery rhythms suggests a projected decrease in annual vehicle sales to 450,000 units, down from the previous year.

### **Taiwan - Auto Production and Sales Volume from 2014 to 2023**



Source: Taiwan Transportation Vehicle Manufactures Association

Most automotive manufacturers in Taiwan are small-scale and high-cost manufacturers, the sales territory is mainly based on the domestic market, and the international competitiveness is relatively weak. Moreover, it is not easy to expand the export market, except the high manufacturing cost, the main reason is still having the restraint of international cooperation manufacturers. Due to most of Taiwanese automotive manufacturers cooperate with renowned international manufacturers for the production, most of manufactured vehicles are mainly cooperate with renowned international brand. As a result, the external development of Taiwanese automotive industry, it needs to cooperate with other party's global development strategy. In addition to

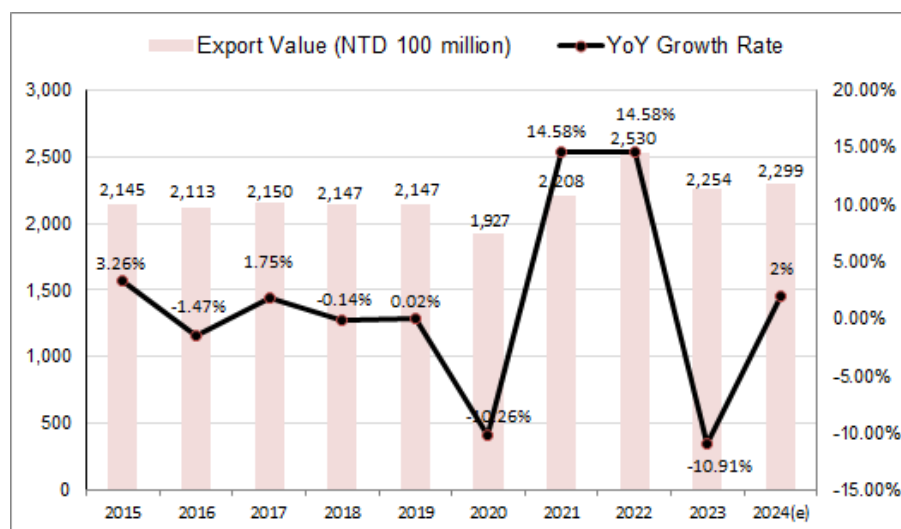
the expansion of overseas market needs to collocate with the construction of marketing channels and the location of maintenance service branches, and the design of vehicles must conform to local consumption patterns and inspection standards. Therefore, it is not easy to expand the automotive export market. Due to the consideration of cost reduction in the recent years, some foreign manufacturers have gradually released OEM orders to Taiwanese manufacturers in production. The manufacturers actively joined the international division of labor system, expanded the export market, and invested in factories in China and Southeast Asia to break through bottleneck of survival and development.

The comprehensive supply chain of Taiwanese automotive component industry mostly belongs to small and medium enterprises, the automotive component industry has advantages of small amount with various production and flexible manufacturing. In recent years, manufacturers have continuously invested in R&D and the improvement of the production technology, which have the international competitiveness and the access to the supply chain of international automotive manufacturers. The influence of domestic components changes is affected by the domestic demand for the whole automotive components and the export market. On one hand, the domestic demand for the whole automotive components is affected by the whole sales volume. On the other hand, it is also related to the localization rate. In 2023, a decrease in demand occurred due to inventory destocking by European and American clients, the export performance of automotive components is NT\$ 225.4 billion, representing a decrease of 10.91% compared to 2022.

Looking forward to the future, automotive components will continuously towards to the development of modularization, intellectualization, motorization and lightweight. In response to the demands for low-cost vehicles, compact vehicles, and multipurpose vehicle in emerging countries as well as the various demands for high-valued automotive components, new energy sources and electric vehicles in advanced countries. Taiwanese automotive component manufacturers toward to the development of modularization or system functions, improve manufacturing techniques and increase value-added products and establish the international division of labor strategy to maintain the advantages of industrial competitiveness and profits of the industry. In 2024, global automotive market sales are expected to increase by 2% compared to 2023, reaching an estimated export value of around NT\$ 229.9 billion. This growth is influenced by the slowing growth rates

in major markets such as Western Europe, the United States, and China.

### **The Export Value of Taiwanese Automotive Components from 2015 to 2024(e)**



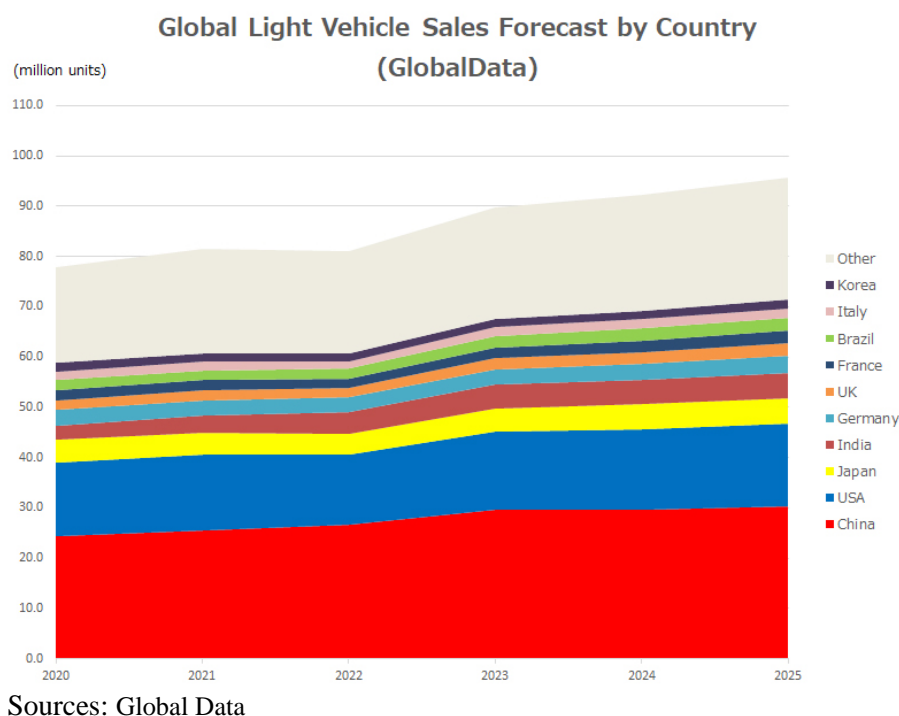
Sources: The Trade Statistics and Taiwan Transportation Vehicle Manufacturers Association

### **(B) The Global Industries**

The demand of the global automotive market has continuously rebounded in the Western Europe in 2017; moreover, the demand of major emerging markets including Brazil and Russia have recovered, the annual sales volume was about 96 million units. However, the growth rate of the Chinese automotive market has slowed down, and the US market has presented the negative growth, the overall annual sales volume was only increased 3% compared to 2016. The US automotive market has remained stable in 2018, only China and the Western European automotive markets such as England and Italy have the ebbing performance. Under the interaction of the increase and decrease, the global automotive market has declined 1.2%, the annual sales volume was about 95 million units. Affected by the economic slowdown and the credit squeeze in China and India in 2019, as well as the impact of the Brexit and the automotive emissions fraud scandal of Volkswagen, Germany, the annual sales volume was about 90.2 million units, which has decreased 4.4% compared to the same period last year. The sales performance of the global major automotive market has affected by the COVID-19 in 2020, the annual sales volume was about 77.8 million units, it has decreased 13.8% compared to 2019. Affected by the shortage of automotive chips in 2021, the annual sales volume was about 81.2 million units, it has

increased 4.4% compared to 2020. In 2022, the automotive industry continued to face the COVID-19 pandemic, new challenges such as the conflict between Russia and Ukraine, rising inflation, interest rates and supply chain disruptions plagued car manufacturers throughout the year, resulting in an annual sales volume of approximately 81.05 million units, a decline of 0.1% compared to the same period last year.

### **The Global Automotive Market Scales from 2020 to 2025**



In 2023, the alleviation of constraints in automotive parts supply and the gradual normalization of production processes contributed to an improvement in the global automotive industry. This positive trend ultimately led to a significant 10.8% year-on-year growth in global automotive market sales, reaching a total of 89.8 million units. Among these, mainland China maintained an annual automotive sales volume of approximately 30.09 million units, followed by the U.S. market with 15.61 million units. India experienced an increase in annual automotive sales to 5.08 million units, surpassing Japan and securing its position as the third-largest automotive market globally.

### **The Summary of The Global Major Automotive Market in 2023**

Country	China	U.S.	India	Japan	Germany	Brazil
Sales (10,000 units)	3,009	1,561	508	478	314	231
Annual growth rate	12.0%	12.3%	7.4%	13.8%	7.9%	10.0%
Country	England	France	Canada	Korea	Italy	Mexico
Sales (10,000 units)	225	215	166	157	145	136
Annual growth rate	18.4%	14.4%	12.2%	18.9%	4.3%	24.8%

Sources: Marklines

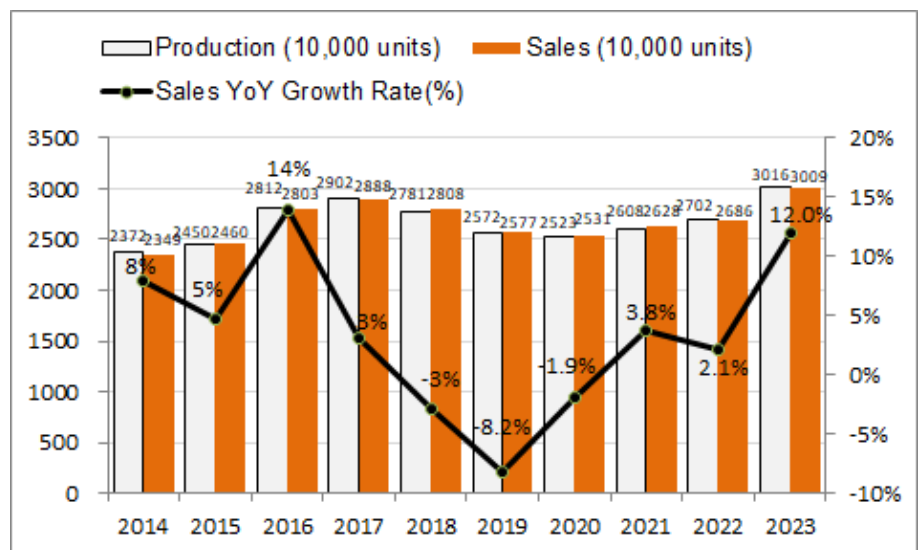
#### **a. Mainland China**

According to the sales volume data of China Association of Automobile Manufactures (CAAM) in 2023, the top ten automobile sales enterprises were: SAIC Motor, FAW Group, Dongfeng Motor, Guangzhou Automobile Group, Changan Automobile, BYD Company, BAIC Motor, Geely Automobile, Great Wall Motor and Chery Automobile. Their total automobile sales volume reached 25.71 million units (accounted for about 85% of national sales). The annual sales volume of Chinese automotive market was 30.09 million units, it was still ranking as the largest automotive market. The automotive market in the first two months of 2023 experienced a notable decline in sales due to factors such as the influence of the Spring Festival and the withdrawal of subsidies. In the subsequent months of March and April, the sales promotion led to fluctuations in the market, and the automotive consumption entered a slow recovery process. The overall economic operation of the automotive industry faced significant pressure during this period. From May to October, driven by national and local policies and sustained by measures like local car purchase promotion activities, market demand was gradually stimulated. The traditional peak season known as the "Golden September and Silver October" effect reappeared. The momentum in the automotive market continued from November onwards, promotional activities like "Double 11" etc. stimulated car-buying demand. As a result, the annual automotive sales volume grew by 12% compared to the same period last year.



The new energy vehicle still has continuously explosive growth in 2023, the annual sales volume was exceeded 9.49 million units, and increased 46.4% annually, the market share has increased to 31.5%, it gradually entered to a period of comprehensive market expansion. CAAM anticipates that the total sales volume of vehicles in China in 2024 will be 31 million units, with the sales of new energy vehicles reaching approximately 11.5 million units.

### **China - Auto Production and Sales Volume in the Recent Years**



Sources: China Association of Automobile Manufactures; Marklines

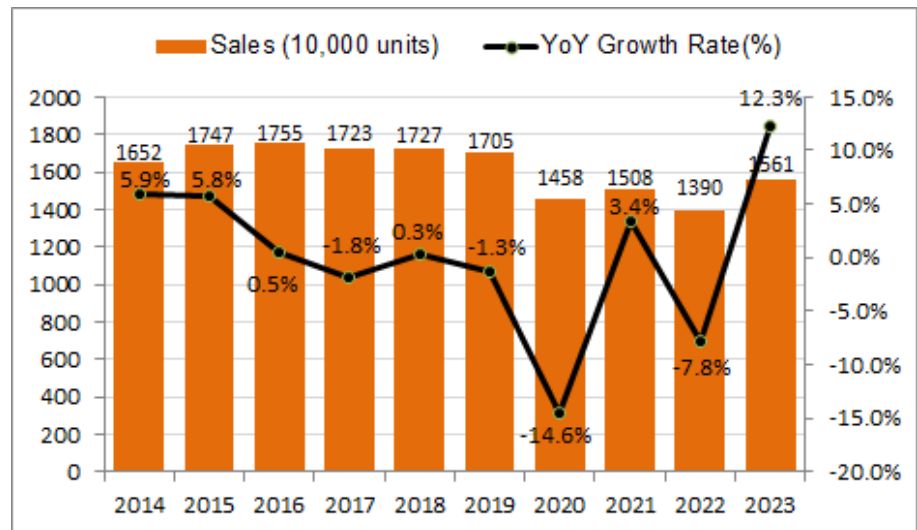
#### **b. U.S.**

Looking back at 2023, the sales volume of new vehicles is attributed to generous incentives and discounts provided by automotive dealers to clear inventory, resulting in a total sales volume increase to 15.61 million units. On a monthly basis, the sales of each month has consistently shown positive growth compared to the same period, with notable increases exceeding 20% in the months of May, June, and September. In terms of major automotive manufacturers, among the top three major automotive manufactures in 2023, the new vehicle sales of General Motors has increased 14.14% compared to 2022, while Toyota and Ford Motor Company have respectively fallen 6.64% and 7.05%.

Looking ahead to 2024, it is expected that the United States may lower interest rates due to easing inflation, generating optimistic sentiments about stimulating the economy. However, the cost of

automotive financing remains at a relatively high level. In the fourth quarter of 2023, the average monthly loan payment for new cars was \$739, surpassing the \$717 recorded in the same period the previous year. As automotive prices have risen, and suppressed demand has largely been absorbed in 2023, car manufacturers generally anticipate an annual sales volume growth to reach 15.7 million units.

### **U.S. - Auto Sales Volume in the Recent Years**

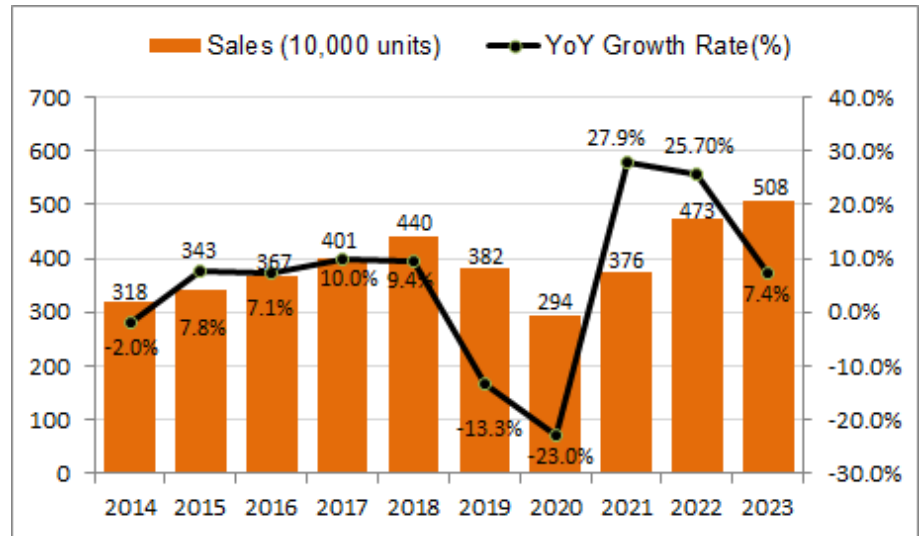


Sources: Marklines

#### **c. India**

In 2023, India's automotive sales volume surpassed Japan for the second consecutive year, maintaining its position as the world's third-largest automotive market. Driven by robust economic activity, population growth, and an increase in disposable income, the nation achieved a total annual sales volume of 5.08 million units, representing a growth of 7.4% compared to the year 2022. Looking ahead to 2024, the domestic demand remains strong momentum in India, it is estimated the growth of automotive sales volume.

### **India - Auto Sales Volume in the Recent Years**



Sources: Marklines

#### (C) The Industrial Development

##### a. The focus of the automotive components industry in China

Due to along with the globalization, various major well-renowned brand of multinational automotive manufacturers have established new international division of labor models, and intervening actively in the automotive industry and market operation in emerging countries such as China, which not only strengthens the dependence of local automotive component suppliers on multinational automotive manufacturers but also the huge market demand in emerging countries, which has attracted more investment by automotive manufacturers and build the more integrated automotive industry supply chain.

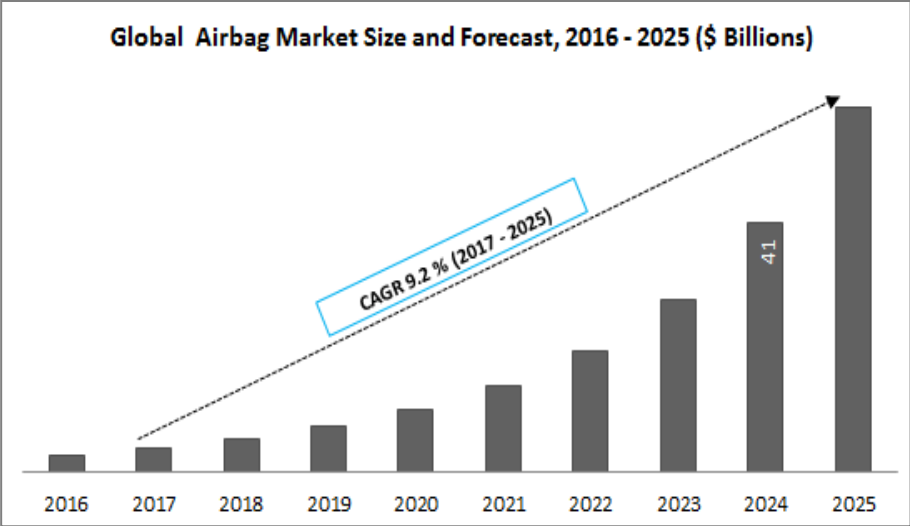
Taking Mainland China as the largest automotive production and sales market, even though the growth of the automotive industry has gradually slow down, driven by the accelerated development of a rapidly increase in the automotive production and sales, maintenance and after-sales service market, the overall domestic automotive components still have huge market demand and growing space. In the recent years, various major automotive manufacturers have actively developed advanced driver assistance systems (ADAS), the increase in application of relevant components has gradually raising in the penetration rate. Among them, the penetration rate of increasing trend is clear in the specification of automotive safety accessories, driving its automotive components OE industrial demands has continuously climbing, and it is beneficial to the

development of AM market by the continuous increase in Chinese automobile ownership and sales. According to the National Bureau of Statistics of China, the nationwide automobile ownership reached 319 million units in 2022 and further increased to 330 million units as of September 2023. According to the Development Research Center of the State Council, the annual growth rate of automobile sales will maintain a potential rate of 2-3% until the year 2030.

b. The continuous improvement of automotive safety equipment's penetration rate

After decades of evolution, air bags have developed in various forms, from the earliest driver's seat airbag inflator and passenger's seats airbag inflator to the latest front seat side airbag inflator, back seat side airbag inflator, side curtain airbag inflator, knee airbag inflator and seatbelt airbag inflator, etc., and even airbag inflator used to protect pedestrians. The current automotive supply chain is researching airbag inflators have deployed in front and side of vehicles, the number of airbag inflators have become an important consideration in the design and R&D of new vehicles, which almost listed in one of the standard equipment for new vehicles. The number of airbag inflators in every vehicle has a significantly increase for years; currently, vehicle models of the mass market are generally equipped with six airbag inflators, and it has gradually applied into the pretensioner seatbelt of mid-to-high class vehicles. Tens of millions of new vehicles are launched every year around the world, and it is expected that the penetration rate of automotive safety equipment will continuously improve under the condition that the safety performance of vehicles is getting more attended.

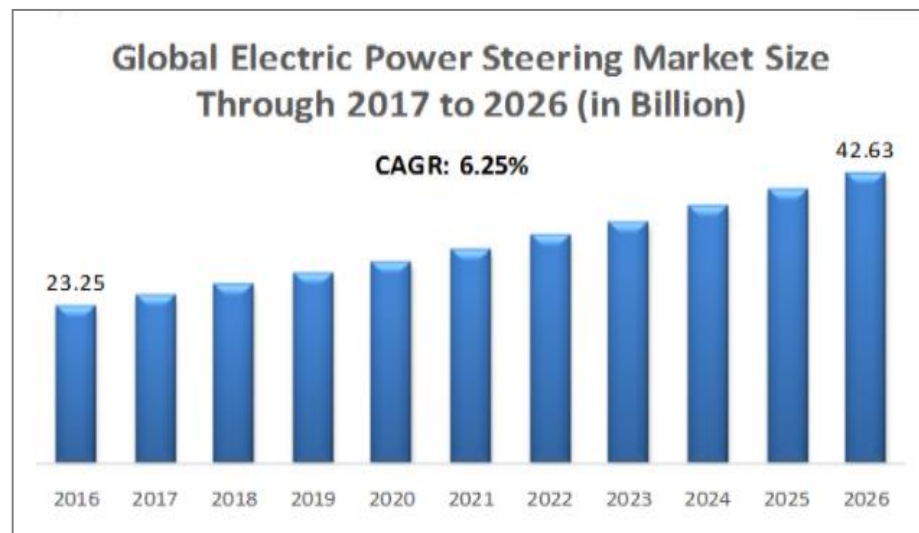
According to the report of Accurize Market Research, the global automotive airbag inflator market scale is expected to achieve USD\$ 41 billion for 2024, the compound annual growth rate will reach to 9.2%.



Sources: Accurize Market Research

c. The Transform Trend of Electrical Power Steering System (EPS) is Up Warding

National governments around the world have formulated the strict regulation about fuel consumption and energy saving. The goal of the United States and Canada is reducing the fuel consumption to 4.4 liters per 100 kilometers for 2025, the standard of the European Union has reduced to 4.1 liters in 2021, and the Chinese government has announced the relevant regulation and aim at reducing 4.0 liters for 2025 with an average annual reduction of 6%. The traditional hydraulic power steering system (HPS) accounted the overall fuel consumption about 6%, the fuel consumption of EPS system is only 10% of the HPS, which is expected to reduce the overall fuel consumption about 6%. Furthermore, EPS system is a necessary system for automatic parking and automatic driving. Currently, about 60% of the new small and medium sized vehicles are equipped with EPS every year, according to the Maximize Market Research, it is estimated that the EPS market scale will reach to USD\$42.63 billion for 2026, and the compound annual growth rate will achieve to 6.25%, which indicating the obviously growth trend of the EPS market in the future.



Sources: Maximize Market Research

## B. Display Fixture and Housewares Industries

### The Industry Overview and Development:

Taking the United States and German as the most development of display fixture industries in the world, no matter the type of display fixtures or the design of display fixtures, those two countries are always taking the lead and guiding the trend of global display fixture market. Currently, in the consumption of global display fixtures, the United States accounts for 26%, Europe accounts for 19%, Asia accounts for 35%, and other countries account for 20%; moreover, Japan and China have accounted for the main shares in Asia.

With the continuous expansion of the application of global display fixtures, the major trend is developing green, low-carbon and environmental display fixtures. Display fixtures as the low-cost with various types and widely applied products, it will gradually increase the recycling rate in the future to reduce the product energy consumption and reduce the environmental pollution. Exhibits like paper display fixture, recyclable plastic display fixture, recyclable metal display fixture, etc., will become the hotspots in the development of the industry. In addition, the development of new technology such as RFID will promote various RFID display fixtures, especially in the digital and electronic fields, and high technology display fixture will become the focus point of future development.

In terms of a regional perspective, the emerging market in Asia is the main growth driver to the affordable luxury brand industry. Multinational well-renowned affordable fashion brand stores have continuously

expanded new shops in the first-tier and second-tier cities, and positively arranging in Asian regions such as Thailand, India, Singapore, and Malaysia, as well as Southern Hemisphere countries like Brazil and Australia, which will have a positive impact and benefit to the revenue of houseware division.

#### The Distribution of the Global Display Fixture Industry Market

##### a. U.S.

The United States is a leading country in the display fixture industry, which have developed earlier, and the technology development level is more advanced. Currently, there are more than 200 major manufactures, and the export volume of products is much higher.

##### b. Asia

In recent years, the consumption of display fixtures in Asia has obtained a great process, which mainly comes from emerging economies such as China and India. In addition, the Japanese display fixture industry has played the promoting of the leading role, and due to the consumption level is much higher in Japan, various display fixtures can be seen in many major sales terminals to exhibit products.

In recent years, online sales have become mature and become a consumption habit for the young generation. However, the cost of online sales has increased daily, which prompting online sales retailers to open physical stores, and the elderly people has been rising with the strong consumption capacity, they remained the habit of purchasing in stores. It is estimated that the demand of display fixture in Asia will remain stable continuous growth in the next few years.

##### c. The European Union

The development of European exhibition industries has the high-level standard, which has driven the demand of display fixtures to a great degree. Major festivals, performances, exhibitions, and other actives will drive the demand of local display fixtures. Under the impact of the economic environment and industrial transfer, the European display fixture market is gradually transfer to Asia, the export of display fixtures in Europe will grow steadily.

## (2) The Relevance of Upper, Middle and Downstream Operations

### A. Automotive Component Industry

	Upstream	Midstream	Middle and Downstream	Downstream
Industry	Steel industry Electrical industry Electronics Industry Petrochemical industry Textile industry	Auto safety component factory	System manufacturer	Auto factory Public transportation engineering

	Upstream	Midstream	Middle and Downstream	Downstream
Product Item	Steel plate, Steel pipe Electrical parts, etc. Electronic parts, etc. Gunpowder material Artificial fiber	Sub assembly The precision pipe of seatbelt Igniter ECU 、SENSOR Gunpowder Airbag, Seatbelt	Seatbelt module Airbag inflator module	Vehicle Public transportation



## B. The Display Fixture and Housewares Industry

	Upstream	Midstream	Middle and Downstream	Downstream
Industry	Steel industry	Hardware		
	Glass industry	processing		Retail industry
	Textile industry	factory		Clothing
	Wood industry	Electroplating	Hanger	boutique
		factory	manufacturing	Supermarket
		Acrylic	Display fixture	Hypermarket
	Plastic industry	processing	manufacturing	Department
		factory		store
		Wood processing		
		factory		

## (3) Various Development Trends and Competition Situations of the Industry

### A. Automotive Component Industries

#### (A) Various Developments of the Industry

The growth of market capacity in automotive airbag inflators and pretensioner seatbelts is mainly based on four factors: firstly, the mandatory installation of the provision; secondly, the global vehicle production; thirdly, the number of models equipped with airbag inflators; and the last one is the numbers of airbag inflators applied in the average vehicle. Currently, the global airbag inflator and pretensioner seatbelt market is under the growth period of universal application which is leading by two factors: policies and regulations and vehicle production.

Due to the demand of vehicles has a rapid growth of China, India and other emerging countries and the less amount of standard airbag inflators equipped in the low-end economical vehicles. With factors such as the increasing proportion of mandatory installation of airbag inflators in various countries and the increasing number of airbag inflators applied in the average per vehicle, the total global demand for airbag inflators has gradually grown in recent years.

#### (B) The Competition Situation

Airbag inflator sub assembly is the most functional module in the airbag inflator system, except the rigorous demands in quality and

product precision, it also needs to have highly automated production and inspection capability, as well as the annual evaluation of company's quality system by customers. In addition to the quality system certification requirement in the general automotive industry, customers will list on-time delivery and defective rate to the annual evaluation items; therefore, there is a considerable competitive threshold. While joint developing products with customers, the company continues introducing the advanced technologies from Europe and the United States, and actively construct modular development capabilities to respond the internal competition.

The global well-renowned automotive safety protection system manufacturers in order to expand the market share, they are not only increasing professionals and R&D expenses, but the strategy of alliance or mergers and acquisitions are in progress through vertical and horizontal integration to expand their own market scale. The central defense system structure of automotive safety components has been established, the domestic relevant industries must improve the structure, strengthen R&D, and detect energy. Only through the international cooperation, the relevant industries can integrate into the division of labor and supply system of the global logistics layout of international first-class manufacturers and develop the operating niche and output value scale of the emerging industry, and the company has already laid out for more than 20 years in this industry with fully potential.

#### B. The Display Fixture and Housewares Industries

Due to the increasingly competitive of the market, it is necessary to have the product functions of the relevant consolation, innovation design, global logistics and after-sales service. In addition to establish the complete product in the field, and it is necessary to grasp the related knowledge of products and the future developing trends. In terms of interaction with customers, it is no longer limited in the supply and demand relationship of sales, it is not only to cooperate with customers in the planning of hypermarket, but also cooperate with upstream manufactures in investing product design and R&D to quickly respond to market changes and customer demands. The proactive approach to contact with large retail chain stores to enlarge channels and markets, build the high entry barriers and improve its own competitiveness.

### 3. Technology and R&D Profile:

#### (1) The skill level of the business and R&D profile

The R&D speed of the company is always stay ahead of the industry which is admired by foreign customers. Based on the hardware processing experience over 30 years, with the ability of rapidly development of proofing, effective improvement of product design to customers and process integration. The company has been maintained the good relationship with customers to attract the cooperative willingness in international customers.

The product manufacturing process of the company is based on main the component expansion and bending processing, metal tube hot and cold forming, stamping, assembly, automated production, and inspection as major technical capabilities. It designs and self-made special used in automatic production and measuring equipment to achieve the quality manufacturing inspection in 100%, which meets the high precision specification of products and special requirements for quality assurance; moreover, through the new product planning progress, which continuous to promote the establishment of innovative precision technology and introduce CAE simulation to assist the manufacturing process development, for the purpose of expanding the customer service range.

#### (2) Personnel involved in research & development and their educational background and employment history

Units: Person

Education	2022	2023	End on February 29, 2024
Master degree or above	9	9	8
College degree	43	51	51
High school (including the following)	16	11	11
Total	68	71	70

Note: The operation module of houseware division is the trade pattern, which doesn't install R&D department and staff.

(3) Annual R&D expenses in the most recent five years

Units: NT\$ Thousands

Year	R&D expenses	Operating revenues	R&D expenses account for the ratio of operating revenues
2019	141,182	4,575,808	3.09%
2020	119,956	3,423,476	3.50%
2021	157,610	3,678,578	4.28%
2022	162,150	4,373,785	3.71%
2023	153,779	4,894,258	3.14%

(4) Two R&D projects will be expected of the company in 2024:

- A. The relevant production and manufacturing process of R&D in automotive safety components: including various components such as pretensioner seatbelt, airbag inflators and steering systems, etc., and continuous to develop products. Those R&D projects are mainly joint developing with customers, and the actual R&D costs will depend on customers' demands and the development project progress.
- B. R&D related to automotive heat dissipation components and manufacturing processes: In 2024, continuous research and development for the production processes of heat-related components for Insulated Gate Bipolar Transistor (IGBT), as well as the development of thermal management projects and the establishment of laboratory equipment. The estimated expense for the above projects is approximately NT\$ 40,000 thousand.

(5) The successful development of technologies or products in the most recent five years

Year	Products or Technologies
2019	<ul style="list-style-type: none"> <li>① Detection Technology Development of White Light Interferometry (WLI)</li> <li>② The Production Technology Development of Multiple-stage Vacuum Cleaning</li> <li>③ The System Development in Automatic Blanking and Integrating Material of Precision Axial Machining Manufacturing Process</li> <li>④ The Development of Heat Sink Product (Aluminum Pin Type)</li> <li>⑤ The Development of Heat Sink (Aluminum Fan Type)</li> <li>⑥ Technology Development of Heat Sink (Copper Pin Type) Manufacturing Process</li> <li>⑦ The Development of Steering System Aluminum Forgings</li> <li>⑧ The Technology Development of Online Automatic Detection and Cobot Arms Loading and Unloading (High Pressure Gas Cylinder Production Line)</li> <li>⑨ Ferrous Metals in High-speed Cold Forging Processing Technology</li> <li>⑩ The Forging Processing Technology of Vortex Production</li> <li>⑪ The Production Introduction of Seatbelt Forging Gears (Two-piece Welding Type)</li> <li>⑫ The Development and Production Introduction of Acicular Heat Sink Module</li> <li>⑬ Design and the Technology Development of Precision Blanking Stamping Module</li> <li>⑭ The Process Development of Zn-Ni Electroplating Line</li> </ul>

Year	Products or Technologies
2020	<ul style="list-style-type: none"> <li>① The Detection Technology Development (Vapor Chamber)</li> <li>② The Technology Development of Double Axial Machining (PHI7)</li> <li>③ The Detection Technology Development of Cobot Arms (PHI7)</li> <li>④ The Technology Development of Matrix Tray Automatic Loading and Unloading (Valve Housing)</li> <li>⑤ The Technology Development of Rotary Cutting (Heat Sink)</li> <li>⑥ Design and the Development of Forging Expander</li> <li>⑦ Design and the Development of Dynamic Disk Forging Mold and Sample Trial Production</li> <li>⑧ The Technology Development of Synchronized Action in Tube Bending Machine Actuating Element</li> <li>⑨ The Molding Technology Development of Pipe Expansion Thickening to 1.8mm (SPR6)</li> <li>⑩ Design, Development and Production Introduction of Expander (2YN)</li> <li>⑪ Design, Development and Production Introduction of Pier Tendons Equipment (CGQST)</li> <li>⑫ The Introduction of Self-made Expander and Automatic Production Line (SPR8)</li> <li>⑬ Design, Development and Production Introduction of Friction Stir Welding</li> <li>⑭ Automotive Heat Dissipating Components Forging Processing Technology</li> <li>⑮ The Plane Bending Forming Technology</li> <li>⑯ The Grit Blasting Surface Treatment Technology</li> </ul>
2021	<ul style="list-style-type: none"> <li>① The AI Visual Detection Technology (PHI7)</li> <li>② The Oil Cylinder Stroke Automatic Compensation Technique (SHI2)</li> <li>③ The Automatic Riveting Production Technology (Tilt Plate)</li> <li>④ The Machining Processing Connection Technology (Valve Housing)</li> <li>⑤ The Processing Development of Vortex Production on Scroll Compressor and Sample Trial Production</li> <li>⑥ The Development of Electrophoresis Hanging Down Automatic Drian Device automatic water removal device</li> <li>⑦ The Development of CNC Lathe Connecting Machine Automatic Device</li> <li>⑧ The Automatic Forging Development of Seatbelt Module Components</li> <li>⑨ The Heat Sink Surface Processing Technology (Flat baseplate)</li> <li>⑩ The Stamping Horizontal Extrusion Foaming Technology</li> </ul>

Year	Products or Technologies
2022	<ul style="list-style-type: none"> <li>① The Precision Fixed Head Axial Machining Technology (Valve Housing)</li> <li>② The Axial Machining Chip Breaking Technology (SHI2)</li> <li>③ The Development of a New Generation Airbag Components (SHI3 OD40)</li> <li>④ The Development of Active CDC Damper Components (Piston Bleed Extension)</li> <li>⑤ The New Multi-station Index Plate High-speed Inspection Machine</li> <li>⑥ The Floating Mandrel Pipe Expansion Technology (PHL Series)</li> <li>⑦ The Automatic Loading and Cleaning Grinding Development (Pinion)</li> <li>⑧ Laser Welding Robot of Automatic Loading and Unloading (ICT series)</li> <li>⑨ The Servo Technology Development of New Bending Machine</li> <li>⑩ The Servo Technology Development of New Pipe Expansion Machine</li> <li>⑪ 400V Electric Drive Control System of Water Cooling and Heat Dissipating Module</li> <li>⑫ The Forging Technology of Elliptic Cylinder Heat Sink</li> </ul>
2023	<ul style="list-style-type: none"> <li>① Swaging Forming Technology</li> <li>② AI Visual Crack Inspection Technology</li> <li>③ Airbag Metal Tube Cold Forming Technology</li> <li>④ The Development of Mold Quick-changing Module for Steel Pipe Processing</li> <li>⑤ The Development of Automatic Angle Compensation System for Steel Pipe Bending Process</li> <li>⑥ The Development of Partial Stack Plating Technology</li> <li>⑦ The Implement of Intelligent Multi-dimensional Scanning Platform</li> <li>⑧ The Development of High-speed Rolling Groove Process for Steel Pipe</li> <li>⑨ The Technology Development of Leak Test for Aluminum Casted Part</li> <li>⑩ The Technology for Copper Baseplate Forging Stress Release</li> <li>⑪ The Technology Development of Multi-Tank Cleaning Process for Aluminum Part</li> <li>⑫ The Technology Development of Copper Baseplate Image Record System</li> </ul>

#### 4. Long-term and Short-term Business Development Plans:

##### (1) The Short-term Plan:

##### A. Expanding the business with technology and increasing competitiveness for productivity 4.0:

Upholding the spirit of constantly strive for perfection, except the existing excellent metal processing technology, strict quality control operation, autonomic mechanical R&D capability and a complete subcontractor system, the company has gained the dominant position in a

competitive market; the next goal will toward to meet the increasing competitiveness with productivity 4.0, and cultivate senior talent to create value-added products; in addition to improve manufacturing technology as the cornerstone of business expansion.

B. Seeking for cross-industry cooperation to expand markets and customers:

The company continues to seek cross-industry cooperation through multiple channels and expects to find the opportunity to expand new customers and different markets areas outside the range of existing industries. Making good use of existing companies' competitive advantages to create new niche products and markets.

C. Combining the competitive advantages of overseas branches to develop unique niche for the company:

Getting the most out of comparative advantages of overseas subsidiaries, overseas warehouses in the production, cost, and geographic distance with customers, in addition combining the company's own capabilities of product development and mechanical automation designs to create a unique niche that competitors cannot simulate in a short time, which is providing short delivery time, low cost and high-quality product service to customers.

(2) The Long-term Plan

A. Establishing strategic alliance partners to improve competitiveness of the company:

Under the global competition, the company needs to establish strategic alliance partners with customers and subcontractors by combining each other's resources, capabilities, and core competitiveness to pursue common benefits in the design, manufacture, or marketing of products or services.

B. Strengthening core technical capabilities and developing new products:

Improving existing core technical capabilities of the company, combining the market information closely and integrating production capabilities of subcontractors to develop new products, seek new business opportunities, and bring the growth opportunity for the company.

C. Expanding overseas branches and developing new regional markets:

Planning new overseas production and R&D branches, the short-term goal is to pursue neighboring service to customer and develop different



regional market shares; the long-term goal is to pursue the joint new production development with customers and balance the revenue growth momentum and self-technical improvement.

#### D. Becoming the natural environmentally friendly green industry:

Promoting green production and green products as the goal of energy saving, consumption, and pollution reduction. Pursuing to become a green industry with minimizing the adverse impacts to the biophysical environment as well as the highest resource usage efficiency. In addition, creating the company culture which takes the green culture as the guiding idea of enterprise operation and management to make the coordinated optimization in the company's cost-effectiveness and social efficiency. To fulfill green responsibilities of the industry and contribute to the global biophysical environment.

### 5.1.2 The Market and Sales Overview

#### 1. The Market Analysis:

##### (1) The Sales Area of the Company's Major Products

Units: NT\$ Thousands

Year Regions		2021		2022		2023	
		Sales value	Ratio (%)	Sales value	Ratio (%)	Sales value	Ratio (%)
Domestic market		11,018	0.3	13,041	0.30	21,227	0.43
Export market	Asia	1,352,735	36.77	1,561,775	35.71	1,717,456	35.09
	America	1,288,581	35.03	1,446,969	33.08	1,610,124	32.90
	Europe	1,026,141	27.90	1,351,993	30.91	1,545,451	31.58
	Other	103	0.00	7	0.00	0	0.00
	Total	3,667,560	99.70	4,360,744	99.70	4,873,031	99.57
Total		3,678,578	100.00	4,373,785	100.00	4,894,258	100.00

##### (2) The Market Share

The company is mainly engaged in the design, manufacture, and sales of automotive safety mechanism components, display fixtures, hangers, and other products; according to business types which divides into two major business divisions. Among them, the major sales items of the display fixture

and houseware division are display fixtures, hangers, shelves, baskets, etc., while the major sales items of the automotive component division are airbag inflator component modules, pretensioner seatbelt modules, steering systems, and internal mechanism component products. Due to the company's business projects include two types of different attribute products, and there is no complete and objective market share statistics for each product; therefore, it cannot explain clearly about the company's position among peers and the market share. However, in terms of main customers from two major business divisions, the sale targets of the automotive component division are mainly selling to the top three manufactures of automotive airbag inflators in the world. While the main sale targets of display fixture division are selling to various types of large brand chain retail distributors in Europe and the United States; moreover, most of sales customers are multinational large manufacturers or distributors. The company relies on production and sales experience for many years, in addition having the independent product design and development as well as the ability to adjust production lines quickly. Under circumstances of providing full range of services to fully satisfy customers in different demands. It has a good performance in terms of business scale and profitability in recent years, which shows that the company's products and technologies acquire highly recognition by customers, it has already occupied a quite competitive position among peers.

### (3) Future Supply/Demand Conditions and Development Potential for the Market

#### A. Automotive Safety Mechanism Components

Automotive components produced by the company are mainly airbag inflator component modules, pretensioner seatbelt modules, electrical power steering system and internal mechanism component products; in addition, the rise and decline of industries is mainly changed by the economic changes of the overall automotive market. Due to the public transportation system in developed countries is comparatively perfect, and daily traffic patterns of peoples have been finalized, unless run into the major events, otherwise the annual demand of vetches is generally stable, it is unlikely to have a situation of great fluctuation. Therefore, various major automotive groups have established new international division of labor mode, actively involved in the automotive industry and market operations in emerging countries like China. It is not only strengthening the local automotive manufacturers rely on international manufacturers, but also attracting more investment of international manufacturers due to the huge market demand, thereby building the complete industrial supply chain. In terms of automobile sales, the appetite for vehicles in developed countries is closed to maturity, and it is difficult to

have an explosive growth. However, emerging countries like China still have substantially growing spaces; due to the rising salary of Chinese people in recent years, which has brought rigid demand to the vehicle market. Under the implement of multiple preferential policies such as the halving purchase tax and the promotion of new energy vehicles in 2016, which caused many people to buy new vehicles, and automotive manufacturers also provide extra discounts. The recovery of automotive market has presented rapidly growth, and this wave of vehicles purchasing has also overdrawn the purchasing power of the automotive market in advance in 2017, which caused the sales growth situation presented slow down mildly in that year; the vehicle sale volumes was withdrawn in 2018 to 2020 due to the subsidy polices, macroeconomic slowdown and the impact of COVID-19 has turned into negative growth; however, it still ranks first in the global automotive market. The Chinese automotive industry also faced challenges such as the continuous spread of the global epidemic, scattered outbreaks of domestic epidemic, and insufficient supply affected by the shortage of chips in 2021. However, due to the lower automotive sales volume in the previous year, it presented the slightly increase. The halving fuel vehicles purchase tax caused the partial consumption happened in advance, the annual automotive sales volume still increased slightly in 2022. In 2023, as the Chinese government initiated consumer promotion activities for automobiles and extended the list of new energy vehicles exempt from purchase tax, it promoted the penetration rate of new energy vehicles, thereby driving the growth of overall automotive sales. In that year, automotive sales surpassed 30 million units for the first time. The CAAM anticipated that the automotive market will continue to present a stable and positive development condition in 2024.

The IMF previously increased the global economic growth to 3.1% in January 2024. In terms of the Chinese market, the government continues to offer preferential policies to stimulate a new wave of vehicle consumption in 2024, which is expected to grow steadily in the whole year. Compared to the inventory-constrained conditions of 2022, significant improvements in the U.S. automotive market in 2023, persistently high financing costs are expected to result in only marginal growth of new vehicle sales this year. In terms of European market, the IMF has predicted that European countries such as Germany and Italy will not have economic recession this year. Although the overall economy of Euro region has affected by the Russia-Ukraine war, it has presented resilient; in addition to relieving the shortage of chips, European vehicle sales volume is expected to rebound. The Indian automotive market is benefiting from vibrant economic activities, the continual expansion of the middle class, thereby stimulating the potential consumer base for automobiles;

therefore, it is expected that the sales volume will continue to increase in 2024.

#### B. Display Fixtures and Hangers

The display fixture and houseware division produce the products such as display fixtures and hangers which mainly applied in various types of large brand chain retail distributors such as clothing, catering, toys, recreational sport, and footwear. The nature of consumption corresponding to the customer groups also extends from daily necessities to fashion products, etc.; therefore, the market demand varies according to the economic conditions of the respective industries in which they are applied. As the major customers of the company's display fixture and houseware division are international renowned clothing store chain; however, since 2020, it affected by COVID-19, the number of retail stores has been decreased in Europe and the United States, in addition concentrating invest resources on online shopping platforms. After the global epidemic slows down, physical store sales will be restarted.

#### (4) The Competitive Niche

##### A. The Automotive Component Division

###### (A) Complete the quality system and strict certification by customers

Due to the high requirements in quality and precision of automotive safety system related components, automotive safety system manufactures will require stricter standards and longer time for product certification of upstream component suppliers, which causing the high entry barrier to new competitors. Also, the company has automated production and high-standard specification inspection procedures, which can achieve a good manufacturing quality and meet the special requirements of products in high precision specifications and quality assurance, besides, it has successively passed ISO9002, ISO14001, QS9000, TS16949, IATF16949 and other related quality certification as well as obtained the strict quality certification from large system manufacturers, which has become the main weapon for the company to enlarge the market.

###### (B) Have the capability and experience of self-design, producing automated production line, improve manufacturing process and automated inspection equipment

The production process of the company's produces can be completed independently including design and development of components,

stamping, assembling and inspection, etc., and using the dedicated automatic production and measurement equipment of self-designed and manufactured for mass production. Its consistent automatic process capability can fully grasp the cost and delivery time and improve the technical level to increase the refinement of products. Furthermore, due to most inspection equipment of peer manufacturers rely on professional equipment suppliers, and the company equip the capability of self-development and improving inspection equipment, which makes related capital investment lower than peers. And the company continues to invest in the processing improvement, increase productivity and reduce the cost, which will contribute the continuously improvement of the market share and profitability.

(C) The manufacturing process of the automotive safety system moved to Asia to increase local service advantages

The company's automotive components are mainly supplying to multinational large safety equipment system manufacturers. As the production lines of large manufacturers gradually move to mainland China or other Asian regions, the company can provide the needs of major manufacturers instantly and complete the production lines of customized product in a short time through the production base established in mainland China. Therefore, the company can maintain a good and stable cooperative relationship with downstream automotive safety system manufacturers, which will benefit to the stable growth of future revenue.

(D) The diversification of automotive safety system products and improvement of assembled rate

The new vehicle sales volume of the global automotive market continues has shown steady growth, and airbag inflators for the driver and shotgun's seats of entry level new vehicles are equipped as the basic equipment. Therefore, the average number of airbag inflators in the vehicle is expected to increase more every year with new listed vehicles. Besides, due to the safety performance of vehicles is getting more attended, the development and penetration rate of related diversified safety equipment such as pretensioner seatbelts is also increasing every year, which will benefit to enlarge company's future operating scale.

## B. The Display Fixture and Houseware Division

(A) Providing customers with the concept and direction for the design of shopping mall display fixtures

The company has been engaged in the production and sales of display fixtures and hangers for more than 30 years. As it has accumulated many years of experience and interacted with customers for a long time, it is able to fully grasp the market pulse, customer preferences and product trends. It not only establishes a deep tacit agreement and trust with customers but provides customers with the concept and direction for the design of shopping mall display fixtures.

(B) The integration capabilities of composite display fixtures

The company's operation team has many years of experience in metal processing, and with flexible automatic production line and rapid mass production capability, it can apply flexibly to the integration capabilities of composite display fixtures. Regardless of different material of composite display fixtures such as metal, wood, acrylic, and glass, etc., the company can rapidly mass production and provide high quality customized products to meet customers' requirements.

(C) Local service advantages of subsidiaries located in Germany

The company has subsidiaries in Germany that sells display fixtures and hangers. In addition to grasping rapidly on the European market pulse, it has better logistics capability due to advantageous geographical location, it is not only can reduce the transportation and time costs of products, but also provide customers with rapid and instant sales and after-sales service, which can effectively increase the product competitiveness for the company.

(5) The Advantageous Factors and Countermeasures for the Future Development

A. The Automotive Component Division

(A) The automotive safety regulations are increasingly stringent

Due to advance countries increased attention to automotive safety protection products, most of them have expressly stated that airbag inflators listed as the standard equipment for vehicles and invest massive resources in the R&D of more advanced airbag inflator equipment. It is obvious that automotive airbag inflators have become the certain development trend of global automotive passive protection devices. The company has an excellent technical R&D team as well as strict manufacturing and quality control processes. Besides, it has been deeply dedicated to the industry for many years, and obtained the trust and quality certification of the global three major system manufacturers, it will be a great niche for the future development.

(B) The demand growth for OEMs in Asia

The company's research and development team of automotive safety protection products has many years of industrial experience in research and development. The product quality is not only earned recognition by terminal customers, but also grasp the needs of the application at any time. When becoming downstream system manufacturers gradually shift the focus of OEM to Asia, which is one of the important choices to seek cooperation with manufacturers in the Asian region. It is obvious that the company still has considerable growing space in the future.

(C) Excellent abilities of the product integration

The company has the excellent precision metal processing technology, strict quality control procedure, and independent mechanical research and development capabilities, it also can provide dedicated and high-level customized service. Therefore, the company provides the excellent quality product integration abilities to customers through the outstanding process adjustment capabilities and high efficiency mass production capabilities, which can further reduce costs to increase the market competitiveness.

B. The Display Fixture and Houseware Division

(A) Long-term and stable cooperation relationship with customers

The company has been engaged in the display and hangers related industry for more than 30 years, which has accumulated many years of marketing experience and connections with customers. Currently, the company keeps the many years transaction history with major customers, and it can continue to maintain an excellent stable cooperation relationship.

(B) The fast mass production capacity of customized products

The company's operation team has the metal processing experience for many years, and through the flexible adjustment capabilities in the product line, which can meet the demands of downstream customers fast and flexible for the mass production, and it maximized the ability of fast mass production capacity in customized products.

(6) The Disadvantageous Factors and Countermeasures for the Future Development

A. The Automotive Component Division

(A) The limited source of high-standard raw materials is affected easily by the market supply and demand as well as exchange rate fluctuation.

Seamless steel pipes are the main raw materials produced by the company, due to the high requirements in quality and precision of automotive safety system related components, suppliers and clients have high-standard inspection to the quality of products. Therefore, most customers will specify the certified steel manufacturers to provide raw materials, and then the company will place the orders to upstream raw material manufacturers according to the special requirement from customer orders. However, most of raw material manufacturers designated by customers belong to the European and Japanese manufacturers with high product specifications, it is limited by the long-distance of supply sources and affected by the internal exchange rate fluctuation. The company is hard to control the source, price, and delivery date of raw materials, and it is easily affected by the international supply and demand market as well as exchange rate fluctuations, the company will face a bigger challenge to control the cost and inventory.

Countermeasures:

Except to joint R&D of alternative materials with upstream raw material suppliers and downstream customers to enhance the cooperation relationships, the company will take both quality control and seek the second suppliers of relevant raw material positively at the same time to restrain the increasing cost of raw materials, ensure the flexibility of purchasing and continuously raw material sources.

(B) Facing the competitors from emerging countries such as South Korea, India, and Southeast Asia.

Emerging countries such as South Korea, India, and Southeast Asia generally have lower cost advantages in lands and labors than Europe and the United States. Moreover, various countries' government actively cultivate the development of the automotive industry, and suppliers who invest the market of automotive safety components are increasing sharply, and the market competition is more intense.

Countermeasures:

The company is combining its own capabilities of product development and mechanical automation designs to create a unique niche that competitors



cannot simulate in a short time. In addition, for providing short delivery time, low cost and high-quality product service to customers, the demand of diversified and instantaneity in the market will be able to reduce costs and increasing competitiveness through the continuous improvement of technical level and automated manufacturing process.

(C) Talent shortage and rising labor costs year by year

The company produces automotive safety components need professional R&D staff and technical engineers. Due to the impact of increasing demand for relevant professionals from manufacturers around the world, the company will also face the unfavorable factors of talent shortage; besides, labor costs are rising year by year and it will increase the related production cost, which will also reduce the profit margin of the company.

Countermeasures:

The company will continue the internal training and experience inheritance to reduce the impact of talent shortage in the future. On the other hand, the company will also continue to improve the existing automated production technology and operating procedures to reduce the degree of relying on manual labor, which can achieve the effect of reducing labor and manufacturing costs.

B. The Display Fixture and Houseware Division

(A) Competitors continue to increase

Due to the low entry barriers for the industry such as display fixtures, hangers and related products, and the continuous entry of new competitors will increase the intense market competition to the company in the future.

Countermeasures:

In addition to continuously strengthening customer service to meet the market demand and maintaining the stable cooperative relationships with existing customers; in the meantime, the company also need to develop actively in new product lines and new customers across industries. By providing fast and high-standard customized products to stabilize the existing market, provide customers with various choices and horizontal cooperation to find new business opportunities and achieve a win-win situation; therefore, the company can maintain its advantages in the industry.

2. Important use and production process for the major products:

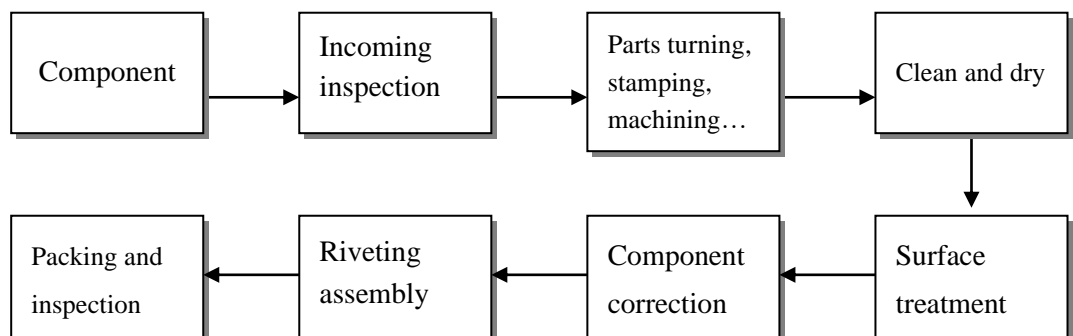
(1) Current application of current major products for the company as follows

Major products	Applications
Impact Airbag Inflator Sub Assembly	It is a component of the airbag inflator module system in the automotive airbag inflators (Supplemental Restraint System), the main function is filled the pressurized gases into airbags under the control of the sensor to make the gas expanded to protect occupants, which must ensure the appropriate speed (time-pressure curve) is fast and soft. It also cooperates with components such as sensors and electronic controls to minimize errors and protect occupants.
The Precision Pipe & Pinion of Pretensioner Seatbelt	The precision pipe & pinion of pretensioner seatbelt is a component of the retractor module in the pretensioner seat belt system (Pretensioner Seat Belt). It will be tightened first when the collision accident occurred and occupants haven't moved forward. Moreover, it immediately ties occupants to the seats to reduce passengers leaning forward's inertial force and to protect the safety of occupants effectively.
Electrical Power Steering System of Precision Shaft Tube or Gear Plate	The inner tube, outer tube, and related components of the collapsible safety steering column's upper shaft in the steering column of electrical power steering system (Electrical Power Steering System, EPS); in addition, the main function is connecting the steering wheel and steering gear as well as providing the safety collapse function.

Major products	Applications
Active Hood Lift System	Active Hood Lift System (Pop-up hood actuators) is installed inside the hood, which will rise 20-30 cm in advance when the accident occurs. It will create a buffer distance between the engine and the hood, and provide an air pressure buffer to decline the head injury of a pedestrian caused by hitting the hood or the front windshield.
CDC Damper Components	The CDC damper in the continuous adjustment control mode will need to integrate the traffic condition detection sensor and send it back ECU for damping adjustment control. Keep the vehicle stability in high-speed lane changes or emergency brakes, which will shorten the braking distance to improve driver's safety and comfort.
Display Fixture and Hanger	Design, manufacture and sales of display fixtures, hangers, etc. for displaying products.

## (2) Manufacturing Process of the Company

A. The major manufacturing process module of automotive safety components as follows:



B. The display fixture and houseware division: Due to the diversified and customized products, it does not have the standard manufacturing process.

3. Supply status of the major raw materials:

Major raw materials	Major suppliers	Availability
Seamless steel pipe	Company A, Company B, Company C	Excellent availability

4. Description of major gross profit margin changes by each department classification or major product classification for the most recent 2 years:

Item \ Year	2022	2023
Gross profit ratio	25.98%	24.79%
Rate of changes in gross profit ratio	16.87%	-4.58%

The company's gross profit ratio in 2023 has not changed by 20% compared to the gross profit ratio in 2022; therefore, the changes of gross profit ratio will not be analyzed.

5. List of principal suppliers and clients:

Setting forth the names of any suppliers (clients) that have supplied (sold) 10 percent or more of the company's procurements (sales) in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such procurements (sales) as a percentage of total procurements (sales), and explaining the reason for any change in the amount.

(1) List of principal suppliers

Units: NT\$ Thousands

Item	2022				2023				First Quarter of 2024			
	Name	Amount	Percentage of total purchases (%)	Relationship with issuers	Name	Amount	Percentage of total purchases (%)	Relationship with issuers	Name	Amount	Percentage of total purchases (%)	Relationship with issuers
1	Company A	393,871	17.87	None	Company A	597,898	25.92	None	Company A	98,240	21.00	None
2	—	—	—	—	Company B	279,910	12.14	None	Company B	73,810	15.78	None
3	—	—	—	—	Company C	246,825	10.70	None	—	—	—	—
4	Others	1,810,441	82.13	—	Others	1,181,800	51.24	—	Others	295,677	63.22	—
	Net Purchases	2,204,312	100.00	—	Net Purchases	2,306,433	100.00	—	Net Purchases	467,727	100.00	—

Reasons for increasing or decreasing in the purchases: The purchasing amount from Company A increased from 17.87% in 2022 to 25.92% in 2023. This was mainly because Company A serves as the primary raw material supplier for our company, catering to both Taiwan and mainland China. In 2022, customer demand for goods was still recovering from the impact of the pandemic, leading to an incomplete rebound in freight requirements. However, the revenue situation in 2023 was better than that in 2022, hence the increase in purchasing amount.

## (2) List of principal sales customers

Units: NT\$ Thousands

Item	2022				2023				First Quarter of 2024			
	Name	Amount	Percentage of total sales (%)	Relationship with issuers	Name	Amount	Percentage of total sales (%)	Relationship with issuers	Name	Amount	Percentage of total sales (%)	Relationship with issuers
1	Group A customer	1,902,617	43.50	None	Group A customer	2,292,224	46.83	None	Group A customer	582,023	47.12	—
2	Group B customer	1,019,382	23.31	None	Group B customer	1,233,878	25.21	None	Group B customer	312,298	25.28	—
	Others	1,451,786	33.19	—	Others	1,368,155	27.96	—	Others	340,991	27.60	—
	Net revenue	4,373,785	100.00	—	Net revenue	4,894,258	100.00	—	Net revenue	1,235,312	100.00	—

Reasons for increasing or decreasing in the sales: The sales amount to Group A customers increased from 43.50% in 2022 to 46.83% in 2023. This was mainly due to a 50% growth in revenue from our subsidiary in Poland in 2023 compared to 2022. As Group A customer is the sole sales client of our Polish subsidiary, this led to an increase in the proportion of sales to Group A customers.

## 6. The table of the production volume & value for the most recent 2 fiscal years:

Units: 1,000 units; NT\$ Thousands

Main products	Year/ Production volume & value	2022			2023		
		Production capacity	Production by volume	Production by value	Production capacity	Production by volume	Production by value
Automotive Components		184,384	127,533	2,923,161	192,503	143,833	3,346,173
Total		184,384	127,533	2,923,161	192,503	143,833	3,346,173

Change Analysis : The changes in the production volume and value of Automotive Components over the two years are mainly due to the introduction of more high-value-added products and the expansion of production lines.

7. The table of sales volume & value for the most recent two years:

Units: 1,000 units; NT\$ Thousands

Year/ Sales volume & value Main products	2022				2023			
	Domestic market		Export market		Domestic market		Export market	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Display Fixtures	36	8,924	106,070	3,511,818	67	17,700	126,690	4,139,651
Automotive	6	4,117	27,963	848,926	12	3,527	24,427	733,380
Total	42	13,041	134,075	4,360,744	79	21,227	151,117	4,873,031

### 5.1.3 Employee Information for the Past Two Years and up to the Publication of the Annual Report

Fiscal year		2022	2023	As of April 30, 2024 of the current fiscal year
Number of employees	Direct employees	1,011	933	949
	Indirect employees	713	838	845
	Total	1,724	1,771	1,794
Average age		36.33	36.48	36.13
Average years of service		6.92	7.49	6.71
Education distribution percentage (%)	Ph.D.	3	3	3
	Master's degree	35	42	42
	College	468	529	533
	Senior high school	523	538	542
	Below senior high	695	659	668

### 5.1.4 Environmental Expenditure Information

1. According to the laws and regulations, businesses that are required to apply for a permit for installing anti-pollution facilities, permit of pollution drainage, pay anti-pollution fees, or establish dedicated environmental units, explanation of application, payment, or establishment as follows:

(1) Pollution facility installation permit or operational approval

It has been applied in accordance with laws and regulations, and obtained the related permit for installing facilities, the description of the status of such applications and establishment as follows:

#### A. Wastewater treatment

The company has installed wastewater treatment facility to the relevant regulations, and discharged to the sewage treatment plant affiliated to Nan-kang Service Center, and the company has the following permits:

Plant area	Permit number
Nan-kang plant	Nantou County Environmental Water Management License No. 00230-05

#### B. Waste gas treatment

The company has installed treatment equipment of the waste gas generated during the production process, and has achieved the pollution facility installation permit and operational approval as follows:

Plant area	Item	Permit number
Nan-kang plant	Metal processing procedure (M01)	Government-issued Environmental and Air Quality Control Permit No. M1664-00
Nan-kang plant	Metal processing procedure (M03)	Government-issued Environmental and Air Quality Control Permit No. M1468-01

#### C. Waste dissolvent treatment

The company recycles and reuses the dissolvent, which used in the manufacturing process, and it will appoint the government-approved professional institutions to dispose of the unrecyclable parts.

#### D. Waste disposal treatment

The general and industrial wastes generated in the production process of the company are entrusted to the qualified professional institutions. In addition, the approval of the industrial waste disposal plan has been obtained from the Nantou Environmental Protection Bureau as follows:

Plant area	Permit number
Iron Force Industrial Co., Ltd. Nank-ang plant	Government-issued Waste Management Permit No. 1110184381
Hangzhou Iron Force Metal Products Co., Ltd.	Pollutant Discharge License No 913305006091222358
Zhejiang Iron Force Metal Products Co., Ltd.	Pollutant Discharge License No 9133050076392309XU001P

(2) The payment status of anti-pollution fees

Units: In NT\$; RMB

Region	Item	Amount in 2023	Periods
Taiwan	waste disposal and waste sludge	2,712,540	From January to December, 2023
	Wastewater treatment	633,311	From January to December, 2023
	Anti-pollution fee	2,199,155	From January to December, 2023
Mainland China	Waste disposal and waste sludge	727,907	From January to December, 2023

(3) The establishment status of an exclusively responsible unit/office for environmental issues: According to the law and regulation, the company does not need to install the dedicated personnel for wastewater or air pollution, but it must to install dedicated personnel for waste disposal. The company currently has two staff members who are certified as professional waste treatment technicians.

2. Setting forth the company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:

In the beginning of the company's plant construction, the company prioritized investment in anti-pollution equipment, and wastewater was entrusted to the qualified professional institutions to clean up the disposals. The details of the purchased anti-equipment are as follows:



March 31, 2024; Units: NT\$; RMB

Region	Device name	Number	Acquisition date	Investment cost	Unreduced balance	Application and possible benefits
Taiwan	Wastewater treatment facility	1	2006.12.14	2,262,433	917,645	Wastewater treatment
Mainland China	Electroplating wastewater lagoon	1	2006.06.30	996,931	264,655	Wastewater treatment
	Integrated water purification equipment	1	2013.08.25	642,241	60,624	Wastewater treatment
	Integrated water purification equipment platform	1	2013.08.28	46,324	24,262	Wastewater treatment
	Diaphragm pump	1	2014.01.24	7,265	727	Wastewater treatment
	Atomic spectrophotometer	1	2014.12.15	62,393	10,399	Wastewater treatment
	Comprehensive filter press of sewage and sludge	1	2015.08.20	51,282	8,547	Wastewater treatment
	Diaphragm pump	1	2016.06.02	6,410	1,068	Wastewater treatment
	Water-oil separation system	2	2017.02.28	238,462	39,744	Wastewater treatment
	Ultra-filtration recovery system	2	2017.02.28	78,632	13,106	Wastewater treatment
	Sewage station infrastructure	1	2017.06.30	6,315,759	5,470,362	Wastewater treatment
	Sewage treatment equipment	1	2017.06.30	1,825,487	304,248	Wastewater treatment
	Rain and sewage separation emergency pool	4	2017.08.21	181,620	30,271	Wastewater treatment
	Ultra-filtration recovery system	1	2018.03.23	52,137	8,690	Wastewater treatment
	Wastewater online monitoring equipment	1	2019.03.15	27,586	6,897	Wastewater treatment
	Mechanically diaphragm metering pump	2	2019.09.25	12,566	3,142	Wastewater treatment
	Wastewater treatment facility (spare)	1	2021.11.10	585,229	357,641	Wastewater treatment
	Nickel-containing wastewater recovery device	1	2011.11.26	585,297	58,530	Wastewater recovery and metal treatment
	Spray paint waste gas treatment device	1	2016.10.31	220,513	36,752	Waste gas treatment
	Acid mist absorption tower	2	2016.12.23	400,000	66,667	Waste gas treatment

Region	Device name	Number	Acquisition date	Investment cost	Unreduced balance	Application and possible benefits
	Electrophoresis rework waste gas recovery tower	1	2017.08.31	61,662	10,277	Waste gas treatment
	Acid mist absorption tower	1	2018.03.15	188,034	31,340	Waste gas treatment
	Acid mist absorption tower	5	2019.05.08	170,689	33,190	Waste gas treatment
	Spray paint drying tunnel waste gas facility	1	2019.05.08	68,845	13,387	Waste gas treatment
	Waste gas treatment equipment	1	2021.01.31	130,531	59,827	Waste gas treatment
	Acid mist absorption tower	1	2021.09.16	43,338	25,281	Waste gas treatment
	Hazardous chemicals monitoring system	1	2019.08.14	46,306	11,577	Hazardous chemicals management
	Condition monitoring system	1	2019.12.11	37,871	11,046	Environmental management
	Major pollution sources online monitoring equipment	1	2022.11.30	99,500	66,333	Environmental management
	Welding fume purifier	1	2024.01.26	63,717	61,062	Dust treatment

3. Describing the process undertaken by the company on environmental pollution improvement for the most recent year and up to the prospectus publication date. If there had been any pollution dispute, its handling process shall also be described: The company has implemented relevant internal remedial measures, consulted external professional entities, and established an auditing mechanism.

4. Describing any losses suffered by the company in the most recent year and up to the prospectus publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

(1) The prosecutor from the Nantou District Prosecutors Office in Taiwan has filed charges against our company on November 20, 2021, for alleged violations of Article 47 of the Waste Disposal Act and Article 57 of the Air Pollution Control Act, the company received the criminal judgment from the Nantou District Court

in Taiwan (Document Case No. 111-Su-5) on April 17, 2023, detailing the background of the case as follows: The organic solvent waste of the company was transported by an environmental protection company without the proper qualifications for waste disposal. Additionally, volatile organic compounds were generated during the manufacturing process, and the report regarding the declaration and payment of air pollution control fees involves violations of the Waste Disposal Act, the Air Pollution Control Act, and the Criminal Code. The Nantou District Court in Taiwan pronounced the first-instance judgment, imposing a fine of NT\$2,500,000 and confiscating criminal proceeds amounting to NT\$4,346,600.

- (2) The current and estimated future amounts of potential losses and the corresponding measures:

The company received a criminal verdict from the Taiwan Nantou District Court on April 17, 2023, imposing a fine of NT\$2,500,000 and confiscating the proceeds of the crime. As the company has estimated the impact amount to be NT\$6,846,600, which has been fully accounted for the financial statements in the fiscal year 2022. The impact is not deemed significant to the financial statements.

The company will comply with the first-instance judgment and settle the fine without pursuing further appeal. The company has implemented relevant internal remedial measures, consulted external professional entities, and established an auditing mechanism to eliminate any potential risk of further violations. As for the improvement details, they are as follows:

- a. We are recruiting dedicated personnel with professional environmental certifications and practical experience to manage the environmental declaration and affairs effectively across our facilities.
  - b. Actively participating in seminars hosted by the Environmental Protection Agency regarding regulatory amendments, we regularly update ourselves on regulatory changes online and adjust our management processes accordingly.
  - c. Strengthening the control from material procurement to waste disposal, including environmental declaration, in our inventory management process.
  - d. Inventory control, production consumption, waste storage, and disposal are now managed individually by multiple staff members. All data is now relayed to the dedicated environmental personnel to ensure accurate and consistent reporting.
5. Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position, and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming year: Not applicable.

### 5.1.5 Labor Relations

1. A. Setting forth all employee benefits, continuing education, training, retirement systems, and the status of their implementation, as well as the status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees.

- (1) Employee welfare measures

The company has always paid attention on employee welfare and safety work place, it has established the Employees' Welfare Committee in 1999. Committees were selected by both employers and employees to apply in various welfare measures and shared corporate operating profits with employees. The implementation of the company's welfare measures as follows:

- i. Labor insurance, health insurance and group insurance
    - ii. Various wedding and funeral subsidies for employees
    - iii. General Physical Examination for employees
    - iv. Uniforms issued by the factory and provided parking lots for vehicles and motorcycles
    - v. Free lunch and dinner for working overtime
    - vi. Thanksgiving party in the end of the year
    - vii. Birthday parties or gifts
    - viii. Annual salary adjustment, holiday bonus, year-end bonus, and bonus system
    - ix. Educational scholarships for employees' children
    - x. Domestic and overseas trips

- (2) The status of implementation for employee continuing education and training

The company has set strict appointment conditions for the quality of human resources, and during the appointment period, the human resources will formulate education and training programs according to the needs of employees' positions and specialties. In addition to internal courses, it also subsidizes training fees to encourage employees to participate in external training courses to improve employees' professional techniques, cultivate actively and innovative talents.

- (3) The status of implementation for retirement systems

The company handles employee retirement matters in accordance with relevant laws and regulations, and deposits retirement funds into the Trust Department of the Bank of Taiwan every month to take care of employees' retirement life. The company chooses to apply the Enforcement Rules of the Labor Pension Act after July 1, 2005. According to the salary classification

table stipulated by the government, the company will contribute 6% of the monthly salary to the individual pension account of the Labor Insurance Bureau.

- (4) The status of agreements between labor and management, and all measures aimed at preserving the rights and interests of employees.

The company has set up employee complaint handling mailboxes to provide employees the suggestion channels, and regularly hold labor-management meetings in accordance with the “Regulations for Implementing Labor-Management Meeting” to communicate with each other and strengthen labor-employment relations.

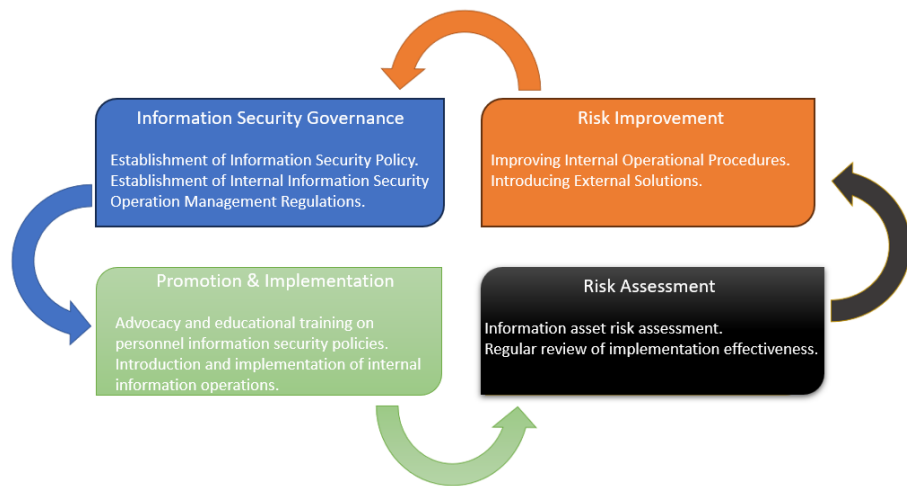
2. Describing any losses suffered by the company in the most recent year and up to the prospectus publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:

In the most recent year and up to the prospectus publication date, the company does not have any losses suffered by labor disputes, and based on the current labor-management harmonious situation, there is no risk of labor disputes.

#### 5.1.6 Information Security Management

##### 1. The cyber security risk management framework

The information management department is responsible for coordinating information security and protection-related policy formulation, implementation, risk management, and compliance examination. The department implements corporate information security policies, publicizes information about security information, enhances employee information security awareness, ensures internal compliance with information security-related standards, procedures, and regulations, and implements the effectiveness of information security management measures.



## 2. Cyber security policies

Establish a safe and reliable computerized operating environment to ensure the company data, systems, equipment, network security and prevent unauthorized modification or use of data and systems, in addition to protect the sustainable operation of the company and customer rights.

## 3. Concrete management programs:

### (1) Computer equipment security management

- i. Every application server and other equipment should be installed in dedicated server rooms and cloud hosting.
- ii. The inside of dedicated server room is equipped with an independent air conditioner to maintain the operation of computer equipment at an appropriate temperature environment; and place a chemical fire extinguisher, which can be applied to fires caused by general or electrical appliances.
- iii. The host machine in the server room is equipped with uninterruptible power supply equipment to avoid system crashes caused by momentary power failure, and to ensure that the operation of computer application systems will not be interrupted during temporary power outages.

### (2) Network security management

- i. Set up a firewall connection rules to prevent illegal intrusion by hackers.
- ii. If it needs to log in the intranet to access data, then it must apply for VPN account through the information service application form, it can be logged in though the secure method of VPN.
- iii. Set up online behavior management and filtering, block access to harmful or disallowed network addresses and contents, strengthen the network security and prevent bandwidth resources from inappropriate occupancy.

### (3) Virus prevention and management

- i. Apply in the anti-virus software, and automatically update the virus code to reduce the chance of virus infection.
- ii. The email adopts the Microsoft cloud mailbox, which will filter emails and attachments at the first step, and CHT will do the second step on the information security protection to prevent viruses from entering the user's computer.

### (4) Data access control

- i. It should designate responsible personnel to taking control of computer equipment as well as set account number and passwords.
- ii. It should delete all system accounts and reinstall computer operating system on the day of the personnel resigned.
- iii. It should confirm that the information on the hard drive has been erased before the equipment is scrapped; in addition, when the hard drive is unutilized, the hard drive can be physically destroyed disposal.

### (5) Response and recovery mechanism

- i. Build the remote backup system, adopt a daily backup mechanism, and store a copy of backup data on each remote server room to ensure the security of system and data.
- ii. Regularly conduct system recovery drills to ensure the accuracy of backup data.

## 4. Investments in resources for cyber security management.

- i. Irregular changing the firewall devices of head office and Nantou plant.
- ii. Import endpoint security system.
- iii. Carry out operations related to TISAX certification.

## 5. The cyber security risk and countermeasures

### (1) Risks and management measures of information technology security

The company has established the relevant measures on the network and computer, but it cannot guarantee that the cyber-attack of any third-party can be completely avoided.

If the company suffered from serious cyber-attack, the system may lose the important data from the company, it may also affect the production lines. The information management department continuously examines and evaluates the regulations and procedures of information security to ensure the

adequacy and effectiveness. However, it cannot guarantee that it will not be affected by new risks or attacks under the rapidly changing information security threats.

In order to prevent and reduce incidents happen, it will continue to advocacy and improve relevant measures, strengthen firewalls and the network control to prevent computer viruses spreading across the factories.

## 6. Significant cyber security incidents

Up to the annual report publication date, the company has not occurred the significant cyber security incident.

### 5.1.7 Important Contracts:

Company Name	Nature of Contract	Parties Involved	Contract Start and End Date	Main Content	Restriction Clauses
Cortec Kunststoff Technik GmbH & Co. KG	Medium to Long-Term Secured Loan	Sparkasse Starkenburg	2019.12.31 ~ 2029.12.30	Credit line: €1,250,000	-
Cortec Kunststoff Technik GmbH & Co. KG	Medium to Long-Term Secured Loan	Deutsche Leasing AG	2019.04.02 ~ 2025.04.01	Credit line: €1,400,000	-
Cortec Kunststoff Technik GmbH & Co. KG	Medium to Long-Term Secured Loan	Deutsche Leasing AG	2021.04.02 ~ 2027.04.01	Credit line: €1,200,000	-
Cortec Kunststoff Technik GmbH & Co. KG	Medium to Long-Term Secured Loan	Deutsche Leasing AG	2020.06.02 ~ 2026.06.01	Credit line: €1,670,000	-
Cortec Kunststoff Technik GmbH & Co. KG	Medium to Long-Term Secured Loan	Deutsche Leasing AG	2021.12.02 ~ 2027.12.01	Credit line: €1,480,000	-
Cortec Kunststoff Technik GmbH & Co. KG	Medium to Long-Term Secured Loan	Deutsche Leasing AG	2023.03.02 ~ 2029.03.01	Credit line: €3,720,000	-



## VI. Financial Profile

### 6.1 Condensed Balance Sheet and Income Statement for the Most Recent Five Fiscal Years

#### 6.1.1 (A) Condensed Individual Balance Sheet

Units : NT\$ Thousands

Fiscal Year Item		Financial Analysis for the Most Recent Five Fiscal Years					Financial analysis as of March 31, 2024 of the current fiscal year
		2019	2020	2021	2022	2023	
Current assets		778,196	878,489	740,402	879,361	1,024,750	Note 2
Property, plant and equipment		378,974	354,590	360,028	388,036	405,999	
Intangible assets		—	—	598	11,772	19,837	
Other assets		3,585,958	3,852,014	3,991,665	4,439,689	4,904,824	
Total assets		4,743,128	5,085,093	5,092,693	5,718,858	6,355,410	
Current liabilities	Before distribution	390,891	702,089	615,295	1,105,560	1,440,039	
	After distribution	769,792	781,658	766,856	1,408,681	Note 1	
Non-current liabilities		407,567	701,310	681,701	449,512	551,801	
Total liabilities	Before distribution	798,458	1,403,399	1,296,996	1,555,072	1,991,840	
	After distribution	1,177,359	1,482,968	1,448,557	1,858,193	Note 1	
Equity attributable to owners of the parent company		3,944,670	3,681,694	3,795,697	4,163,786	4,363,570	
Share capital		757,803	757,803	757,803	757,803	757,803	
Capital surplus		785,818	813,473	813,473	813,473	813,473	
Retained earnings	Before distribution	2,728,688	2,447,751	2,607,926	2,918,409	3,124,019	
	After distribution	2,349,787	2,368,182	2,456,365	2,615,288	Note 1	
Other interests		(327,639)	(337,333)	(383,505)	(325,899)	(331,725)	
Treasury stock		—	—	—	—	—	
Non-controlling interests		—	—	—	—	—	
Total equity	Before distribution	3,944,670	3,681,694	3,795,697	4,163,786	4,363,570	
	After distribution	3,565,769	3,602,125	3,644,136	3,860,665	Note 1	

Note 1: Profit distribution in 2023 has been approved by the board of directors, but it has not been resolved by the shareholders' meeting.

Note 2: There is no financial analysis reviewed by accountants in first quarter of 2024.

## 6.1.1 (B) Consolidated Condensed Balance Sheet

Units : NT\$ Thousands

Item	Fiscal Year	Financial Analysis for the Past Five Fiscal Years					Financial Analysis in the Current Year and as of the Date of March 31, 2024
		2019	2020	2021	2022	2023	Note 2
Current assets		2,832,462	3,258,489	3,291,379	4,014,132	3,997,780	
Property, plant and Equipment		1,979,922	2,004,565	1,885,348	1,827,663	1,852,823	
Intangible assets		12,219	12,219	16,560	26,696	34,747	
Other assets		268,640	218,764	230,005	244,136	250,014	
Total assets		5,093,243	5,494,037	5,423,292	6,112,627	6,135,364	
Current liabilities	Before distribution	734,386	1,036,153	861,365	1,414,467	1,130,928	
	After distribution	1,113,287	1,115,722	1,012,926	1,717,588	Note 1	
Non-current liabilities		414,187	776,190	766,230	534,374	640,866	
Total liabilities	Before distribution	1,148,573	1,812,343	1,627,595	1,948,841	1,771,794	
	After distribution	1,527,474	1,891,912	1,779,156	2,251,962	Note 1	
Interests attributable to parent Company owner		3,944,670	3,681,694	3,795,697	4,163,786	4,363,570	
Capital		757,803	757,803	757,803	757,803	757,803	
Capital reserve		785,818	813,473	813,473	813,473	813,473	
Retained earnings	Before distribution	2,728,688	2,447,751	2,607,926	2,918,409	3,124,019	
	After distribution	2,349,787	2,368,182	2,456,365	2,615,288	Note 1	
Other interests		(327,639)	(337,333)	(383,505)	(325,899)	(331,725)	
Treasury stock		-	-	-	-	-	
Non-controlling interests		-	-	-	-	-	
Total equity	Before distribution	3,944,670	3,681,694	3,795,697	4,163,786	4,363,570	
	After distribution	3,565,769	3,602,125	3,644,136	3,860,665	Note 1	

Note 1: Profit distribution in 2023 has been approved by the board of directors, but it has not been resolved by the shareholders' meeting.

Note 2: There is no financial analysis reviewed by accountants in first quarter of 2024.

# 6.1.2 (A) Condensed Individual Comprehensive Income Statement

Units: Except earnings per share in NT\$, other items in NT\$ Thousands

Item \ Fiscal Year	Financial Analysis for the Most Recent Five Fiscal Years					Financial analysis as of March 31, 2024 of the current fiscal year
	2019	2020	2021	2022	2023	Note 1
Operating revenue	1,740,553	1,229,234	1,435,997	1,636,262	1,788,823	
Gross profit	448,388	202,889	237,572	374,295	351,217	
Operating income	249,570	(4,180)	(10,701)	104,568	114,763	
Non-operating income and expenses	483,155	139,948	231,567	461,955	535,242	
Profit before income tax	732,725	135,768	220,866	566,523	650,005	
Net income for the period from continuing operations	656,348	98,938	238,582	452,590	513,817	
Loss from discontinued operations	—	—	—	—	—	
Net income (loss) for the period	656,348	98,938	238,582	452,590	513,817	
Other comprehensive income (loss) for the period (net of income tax)	(96,532)	(10,668)	(45,010)	67,060	(10,912)	
Total comprehensive income for the period	559,816	88,270	193,572	519,650	502,905	
Net income attributable to owners of parent	656,348	98,938	238,582	452,590	513,817	
Net income (loss) attributable to non-controlling interests	—	—	—	—	—	
Total comprehensive income attributable to owners of parent	559,816	88,270	193,572	519,650	502,905	
Total comprehensive income, attributable to non-controlling interests	—	—	—	—	—	
Earnings per share	8.66	1.30	3.14	5.97	6.78	

Note 1: As of the date of publication, there is no financial analysis reviewed by accountants in first quarter of 2024.

# 6.1.2 (B) Consolidated Concise Comprehensive Income Statement

Units: Except earnings per share in NT\$, other items in NT\$ Thousands

Fiscal Year Item	Financial Analysis for the Most Recent Five Fiscal Years					Financial analysis as of March 31, 2024 of the current fiscal year
	2019	2020	2021	2022	2023	
Operating revenue	4,575,808	3,423,476	3,678,578	4,373,785	4,894,258	Note 1
Gross profit	1,259,971	744,651	817,738	1,136,245	1,213,061	
Operating income	622,168	138,619	150,249	450,596	560,879	
Non-operating income and expenses	133,356	75,207	77,582	155,061	144,150	
Profit before income tax	755,524	213,826	227,831	605,657	705,029	
Net income for the period from continuing operations	656,348	98,938	238,582	452,590	513,817	
Loss from discontinued operations	—	—	—	—	—	
Net income (loss) for the period	656,348	98,938	238,582	452,590	513,817	
Other comprehensive income (loss) for the period (net of income tax)	(96,532)	(10,668)	(45,010)	67,060	(10,912)	
Total comprehensive income for the period	559,816	88,270	193,572	519,650	502,905	
Net income attributable to owners of parent	656,348	98,938	238,582	452,590	513,817	
Net income (loss) attributable to non-controlling interests	—	—	—	—	—	
Total comprehensive income attributable to owners of parent	559,816	88,270	193,572	519,650	502,905	
Total comprehensive income, attributable to non-controlling interests	—	—	—	—	—	
Earnings per share	8.66	1.30	3.14	5.97	6.78	

Note 1: As of the date of publication, there is no financial analysis reviewed by accountants in first quarter of 2024.

### 6.1.3 CPA Names and Audit Opinions for the Most Recent Five Years

#### 6.1.3 (A) CPA Names and Audit Opinions for the Most Recent Five Years

Year	Accounting Firm	CPA Name	Opinion
2019	PricewaterhouseCoopers Taiwan (PwC Taiwan)	CHEN,JIN-CHANG, LIN,YI-FAN	Unqualified opinion
2020	PricewaterhouseCoopers Taiwan (PwC Taiwan)	CHEN,JIN-CHANG, LIN,YI-FAN	Unqualified opinion
2021	PricewaterhouseCoopers Taiwan (PwC Taiwan)	CHEN,JIN-CHANG, LIN,YI-FAN	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan (PwC Taiwan)	CHEN,JIN-CHANG, LIN,YI-FAN	Unqualified opinion
2023	PricewaterhouseCoopers Taiwan (PwC Taiwan)	CHEN,JIN-CHANG, LIN,YI-FAN	Unqualified opinion

#### 6.1.3 (B) Reasons for Changing of Accountants for the Most Recent Five Fiscal Years:

Not applicable.

## 6.2 Financial Analysis for the Most Recent Five Fiscal Years

### 6.2.1 (A) Individual- Financial Analysis for the Most Recent Five Fiscal Years (Adopting International Financial Reporting Standards)

Fiscal Year Item		Financial Analysis for the for the Most Recent Five Fiscal Years					As of March 31, 2024 of the current fiscal year
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio	16.83	27.60	25.47	27.19	31.34	Note 1
	Long term capital to property, plant and equipment ratio	1,148.43	1,236.08	1,243.62	1,188.88	1,210.69	
Solvency%	Current ratio	199.08	125.13	120.33	79.54	71.16	
	Quick ratio	136.04	88.99	66.41	38.32	43.70	
	Interest coverage ratio	450.80	31.56	34.83	73.72	69.77	
Operating capacity	Receivable turnover rate (times)	10.69	8.14	9.47	8.25	6.51	
	Average cash recovery day	34.14	44.84	38.54	44.24	56.07	
	Inventory turnover rate (times)	5.03	4.49	4.30	3.27	3.32	
	Payable turnover rate (times)	12.25	10.58	16.01	14.50	11.00	
	Days sales outstanding	72.56	81.29	84.88	111.62	109.94	
	Property, plant and equipment turnover rate (times)	4.58	3.35	4.02	4.37	4.51	
	Total asset turnover rate (times)	0.37	0.25	0.28	0.30	0.30	
Profitability	Return on assets (%)	14.14	2.09	4.79	8.49	8.64	
	Return on equity (%)	17.03	2.59	6.38	11.37	12.05	
	Pre-tax net profit to paid-in capital ratio (%)	96.69	17.92	29.15	74.76	85.77	
	Net profit rate (%)	37.71	8.05	16.61	27.66	28.72	
	Earnings per share (NT\$)	8.66	1.30	3.14	5.97	6.78	
Cash flow	Cash flow ratio (%)	100.43	12.22	3.54	10.80	41.24	
	Cash flow adequacy ratio (%)	76.66	54.83	47.58	37.82	65.58	
	Cash reinvestment ratio (%)	0.31	(6.53)	(1.26)	(0.69)	5.86	
Leverage	operating leverage	1.12	(8.57)	(3.16)	1.50	1.53	
	Financial leverage	1.01	0.48	0.62	1.08	1.09	

Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

Receivable turnover rate (times) and Average cash recovery day: The decrease in accounts receivable turnover and the increase in average cash recovery day are primarily due to higher balances of accounts receivable in the current period.

Payable turnover rate (times): The decrease in payable turnover is mainly attributed to higher balances of accounts payable in the current period.

Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio: The increase in these ratios is primarily due to the increase in cash flow from operating activities in the current period compared to the previous period.

Note 1: There is no financial analysis reviewed by accountants in first quarter of 2024.

### 6.2.1 (B) Consolidated Financial Analysis for the Most Recent Five Fiscal Years

Fiscal Year Item		Financial Analysis for the Most Recent Five Fiscal Years					As of March 31, 2024 of the current fiscal year
		2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio	22.55	32.99	30.01	31.88	28.88	Note 1
	Long term capital to property, plant and equipment ratio	220.15	222.39	241.97	257.06	270.10	
Solvency%	Current ratio	385.69	314.48	382.11	283.79	353.50	
	Quick ratio	267.09	251.53	280.20	204.89	260.56	
	Interest coverage ratio	456.13	46.92	33.94	73.17	70.70	
Operating capacity	Receivable turnover rate (times)	5.34	3.78	4.13	4.44	4.09	
	Average cash recovery day	68.35	96.56	88.37	82.20	89.24	
	Inventory turnover rate (times)	3.89	3.71	3.76	3.27	3.39	
	Payable turnover rate (times)	11.59	9.32	12.46	15.98	13.17	
	Days sales outstanding	93.83	98.38	97.07	111.62	107.67	
	Property, plant and equipment turnover rate (times)	2.41	1.72	1.89	2.36	2.66	
	Total asset turnover rate (times)	0.92	0.65	0.67	0.76	0.80	
Profitability	Return on assets (%)	13.16	1.94	4.47	7.96	8.52	
	Return on equity (%)	17.03	2.59	6.38	11.37	12.05	
	Pre-tax net profit to paid-in capital ratio (%)	99.70	28.22	30.06	79.92	93.04	
	Net profit rate (%)	14.34	2.89	6.49	10.35	10.50	
	Earnings per share (NT\$)	8.66	1.30	3.14	5.97	6.78	
Cash flow	Cash flow ratio (%)	92.48	23.44	36.61	13.90	114.34	
	Cash flow adequacy ratio (%)	87.18	74.97	68.37	55.81	89.95	
	Cash reinvestment ratio (%)	5.88	(2.54)	4.18	0.76	15.77	
Leverage	Operating leverage	1.36	2.56	2.56	1.48	1.37	
	Financial leverage	1.00	1.03	1.05	1.02	1.02	

Please explain the reason for the change of financial ratio in each item for the past two fiscal years (The analysis is not required if the increase or decrease does not reach 20%)

Current ratio and Quick ratio: It mainly due to the reduction in current liabilities resulting from the repayment of short-term borrowings and bonds payable in 2023.

Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio: The increase in these ratios is primarily due to the increase in cash flow from operating activities in the current period compared to the previous period.

Note 1: There is no financial analysis reviewed by accountants in first quarter of 2024.

### 1. Financial Structure

- (1) Debt to assets ratio = total liabilities / total assets.
- (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

### 2. Solvency

- (1) Current ratio = current assets / current liabilities.
- (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
- (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.

### 3. Operating Performance

- (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
- (2) Average collection days = 365 / accounts receivable turnover.
- (3) Inventory turnover = cost of goods sold / average inventory.
- (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
- (5) Average days in sales = 365 / inventory turnover.
- (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
- (7) Total asset turnover = net sales / average total assets.

### 4. Profitability

- (1) Return on total assets = (net income + interest expenses \* (1 - effective tax rate)) / average total assets.
- (2) Return on equity = net income after tax / average total equity.
- (3) Net profit margin = net income after tax / net sales.
- (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding.

### 5. Cash Flow

- (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
- (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / five-year sum of (capital expenditures + increases in inventory + cash dividends).
- (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital).

### 6. Leverage:

- (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
- (2) Financial leverage = operating income / (operating income – interest expenses).



### 6.3 Audit Committee's Review Report of the Latest Financial Report

#### Audit Committee's Review Report

The board of directors has prepared and submitted to the undersigned, Audit Committee Business Report, Consolidated Financial Statements and Dividend Distribution proposal in Year 2023. The Consolidated Financial Statements have been duly audited by Certified Public Accountants of PwC Taiwan. The above Business Report, Consolidated Financial Statements and Dividend Distribution proposal have been examined and determined to be correct and accurate by the undersigned. This Report is duly submitted in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

Annual Shareholders' Meeting of Iron Force Industrial Co., Ltd. in the year 2024

Chairperson of the Audit Committee : CHANG, SHA-WEI

On the date of March 7, 2024

6.4 The latest financial report (see page 203-267)

6.5 The latest consolidated financial statements of the parent company and subsidiaries audited and certified by CPAs (see page 268-334)

6.6 If the company and its affiliates encounter any financial difficulties in the past year and as of the date of publication of the annual report, the impact on the company's financial status shall be listed: NOT APPLICABLE.

## VII. Review and Analysis of Financial Status and Business

### Results and Risk Issues

#### 7.1 Analysis of Financial Status

A main reason and impact on assets, liabilities and shareholders' equities for the most recent two year, future countermeasures should be explained if it has a substantial impact.

Units : NT\$ Thousands

Item \ Fiscal Year	2022	2023	Difference	
			Amount	%
Current assets	4,014,132	3,997,780	(16,352)	(0.41%)
Property, plant and equipment	1,827,663	1,852,823	25,160	1.38%
Right-of-use Asset	61,332	61,291	(41)	(0.07%)
Intangible assets	26,696	34,747	8,051	30.16%
Other non-current assets	111,354	111,935	581	0.52%
Other assets	71,450	76,788	5,338	7.47%
Total assets	6,112,627	6,135,364	22,737	0.37%
Current liabilities	1,414,467	1,130,928	(283,539)	(20.05%)
Non-current liabilities	534,374	640,866	106,492	19.93%
Total liabilities	1,948,841	1,771,794	(177,047)	(9.08%)
Equity attributable to	4,163,786	4,363,570	199,784	4.80%
Share capital	757,803	757,803	0	0.00%
Capital surplus	813,473	813,473	0	0.00%
Retained earnings	2,918,409	3,124,019	205,610	7.05%
Other interests	(325,899)	(331,725)	(5,826)	(1.79%)
Non-controlling interests	0	0	0	0.00%
Total equity	4,163,786	4,363,570	199,784	4.80%
<p>Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)</p> <p>Intangible assets: It is mainly due to the license agreement of ERP system software and system development expense.</p> <p>Current liabilities: Due to the repayment of bonds payable in March, 2023, it resulted in the deduction of current liabilities.</p>				

## 7.2 Analysis of Operation Results

### 7.2.1 Business results comparative analysis statement

Units : NT\$ Thousands

Fiscal Year Item	2022	2023	The statement of changes	
			Payable	Rate of Change%
Operating net revenue	4,373,785	4,894,258	520,473	11.90%
Operating costs	(3,237,540)	(3,681,197)	(443,657)	13.70%
Operating margin	1,136,245	1,213,061	76,816	6.76%
Operating expenses	(685,649)	(652,182)	33,467	(4.88%)
Operating net profit	450,596	560,879	110,283	24.47%
Non-operating income and expenses	155,061	144,150	(10,911)	(7.04%)
Income from continuing operations before income tax	605,657	705,029	99,372	16.41%
Income tax expense	(153,067)	(191,212)	(38,145)	24.92%
Net income	452,590	513,817	61,227	13.53%
Total comprehensive benefit	519,650	502,905	(16,745)	(3.22%)
Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.) Operating net profit: Due to the increase in operating revenue and the reversal of expected credit impairment loss. Income tax expense: Due to the increase in income before income tax.				

7.2.2 Analysis of changes in operating margin: Compared to the gross profit margin in 2022, the company's gross profit margin was decreasing 5% in 2023. No analysis is required as it changed less than 20%.

7.2.3 The possible impact to the future financial business of the company and countermeasures, the expected sales volume in the next year; moreover, the main influencing factors for the expected sales volume of the company is continually growth and decline:

The company is mainly doing product demand prediction based on customer's estimation, it also considering with the capacity planning of the company and previous operating performance. In the meantime, it pays attention on changes from the market demands at any time to expand the market share. Therefore, it is expected that the sustainable growth on the company's future business.

### 7.3 Analysis of Cash Flow

#### 7.3.1 Analysis and explanation of changes in cash flow for the most recent fiscal year (2023):

Units : NT\$ Thousands

Item \ Fiscal Year	2022	2023	Variance (%)
Cash flow ratio (%)	13.9	114.34	722.59%
Cash flow adequacy ratio (%)	55.81	89.95	61.17%
Cash reinvestment ratio (%)	0.76	15.77	1975.00%
Please explain the causes of changes in the financial ratios in the most recent two fiscal years. (Analysis is not required if the increase or decrease is less than 20%.) Cash flow ratio, Cash flow adequacy ratio and Cash reinvestment ratio: The increase in these ratios is primarily due to the increase in cash flow from operating activities in the current period compared to the previous period.			

#### 7.3.2 Cash Flow Analysis for the Coming Year (2024):

Units : NT\$ Thousands

Estimated Cash and Cash Equivalents, Beginning of Year (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Cash Outflow (Inflow) (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
1,406,535	557,137	577,589	1,386,083	-	-
1. Analysis of cash liquidity in the next fiscal year: (1) Operating activities: It mainly due to net cash flow from general operating activities. (2) Investing activities: It mainly due to net cash outflow from capital expenditures and investment expenditures. (3) Financing activities: : It mainly due to net cash outflow from paying cash dividend. 2. Remedial measures of estimated cash in insufficient amount and analysis of liquidity: Not applicable.					

### 7.4 Impact of Major Capital Expenditure in the Past Year on the Financial Status

7.4.1 Application of major capital expenditure and capital sources: Not applicable.

7.4.2 Possible benefits: Not applicable.

### 7.5 Re-investment Policy in the Past Year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year

7.5.1 Re-investment policy in the past fiscal year, the main reason for its profit or loss, the improvement plan and investment plan:

The company's re-investment policy follows "the investment cycle" and "regulations governing the acquisition and disposal of assets" of internal control

systems. The company's re-investment policy is mainly based on investing in related industries, and strengthen competitiveness is a major consideration, every investment project will be evaluated carefully.

7.5.2 The main reason for its profit or loss, the improvement plan and investment plan in the next fiscal year

December 31, 2023 ; Units : NT\$ Thousands

Investee company	Shareholding (%)	Net investment income or loss	Reasons for Gain or Loss	Action plan	Investment Plan for the Next 12 Months
Transtat Investment Ltd.	100	441,526	The mainly investment incomes are recognized under Iron Force Zhejiang Iron Force Metal Products Co., Ltd. and Huzhou Iron Force Metal Products Co., Ltd.	—	—
Cortec GmbH	100	37,212	Mainly due to the increase in customer demand, and it leads to higher profits.	—	—
IronForce PolandSp. zo.o.	100	(6,137)	Mass production started from the 3 <sup>rd</sup> quarter in 2020, it has not reached the scale of operation yet.	—	—
Cortec Kunststoff Technik GmbH & Co. KG	100	22,510	Mainly due to the increase in customer demand, and it leads to higher profits.	—	—
Cortec Verwaltungs GmbH	100	16		—	—
Zhejiang Iron Force Metal Products Co., Ltd. (Note 1)	100	17,067	It mainly provided the processing service to its affiliated businesses.	—	—
Huzhou Iron Force Metal Products Co., Ltd. (Note 1)	100	415,807	Mainly Stablized customer's oreders to maintain the profits.	—	—

Note 1 : Indirect investment through Transtat Investment Ltd.

## 7.6 Analysis and Assessment of Risk Issues in the Past Year and as of the Date of Publication of the Annual Report

### 7.6.1 Risk Factors

- (1) Effects of changes in interest rates, foreign exchange rates and inflation on corporate finance, and future response measures:

#### A. Interest Rate

The interest rate risks of the company and its subsidiaries are paid attention to the changes of the market ratio by the financial department at any time, and it maintains good credit relationship with the banking activity, and it duly strives for optimum rate of interest for the demand. Therefore, the company and subsidiaries have the less effect on the fluctuations of interest rates.

#### B. Foreign Currency

The imported raw materials and export business of the company and its subsidiaries are mostly evaluated in US dollars, Euros and Renminbi; therefore, the trend of international currencies is closely connected to exchange gains and losses of the company and its subsidiaries. The company and its subsidiaries hold a steady foreign exchange strategy, which duly adjusts dynamically in the foreign exchange assets and liabilities to reduce the impact caused by the change of exchange rate.

#### C. The Impact of Inflation to The Company's Profit or Loss

The company and its subsidiaries do not have adverse impact due to the inflation as of the date. In addition, the company and its subsidiaries pay attention to the market prices fluctuations of raw material at any time, and continuously look for alternative material, which will provide the relative information to the management on the basis of decision making and reviews. Moreover, it maintains a good interaction relationship with suppliers and customers to improve responsiveness the cost changes; besides, it can discuss the possibility of adjustment in purchasing and selling prices to avoid the adverse impact on the company due to the inflation.

- (2) Policies, main causes of gain or loss and countermeasures with respect to high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions

The company and its subsidiaries do not engage in the high risk-and high-leverage investment activities. Besides, The company and its subsidiaries do not provide funds lending in principle, except for the re-invested companies which have the controlling interests. In addition, the company and its subsidiaries follow the "Procedure for Lending Funds to Other Parties and or Guarantee". Furthermore, the company and its subsidiaries duly engage in derivatives trading by taking hedging measures from foreign currencies" position to reduce the risk of the change of exchange rate. Every financial transaction is based on the "Handling Derivative Financial Products Transactions Processing Procedure" to standardize foreign currency derivatives transaction processing procedures.

- (3) Future research & development projects and corresponding budget

Since the company and its subsidiaries established, it has accumulated research & development team strength through internal education training, experience inheritance and fine knowledge management system, which strengthen the planning and research & development innovation abilities on raw material and products. The main scope and range of research & development for the company and its subsidiaries is to strengthen the development of new products and improve the process. The research & development department has an annual goal and based on the internal research and development project management methods to set the research & development plan. The company and its

subsidiaries will continuously dedicate to the research and development in the next year, and research & development expenses will be changed by the increase or decrease of revenue.

- (4) The impact of domestic and foreign important policies and amendment of laws to the company's financial status and countermeasures:

The company and its subsidiaries pay attention to the situation of domestic and foreign important policies and amendment of laws at any time; moreover, it duly consults related experts in legal and accounting's evaluation, suggestion, and planning countermeasures to fully grasp and respond to changes in the market circumstances. Therefore, domestic and foreign important policies and amendment of laws have not had a substantial impact on the company and its subsidiaries' financial status in the most recent fiscal year and as of the publication date of the annual report.

- (5) The impact of technology changes (including information security risks) and industry changes to the company's financial status and countermeasures:

The company and its subsidiaries pay attention at any time; moreover, it collects and analyses the market of various auto air bags and technical development changes to reduce the impact of technological changes. In the meantime, it also strengthen the development of new products and improve the process, in addition to stabilize and ensure source of profits. Therefore, technology changes and industry changes have not had a substantial impact on the company and its subsidiaries' financial status in the most recent fiscal year and as of the publication date of the annual report.

- (6) The impact of corporate image changes to industrial crisis management and countermeasures:

The company and its subsidiaries hold the principle of sustainable operation in profession and integrity, moreover, it values the corporate image and risk control, and there is no business of industrial crisis management would cause by corporate image changes.

- (7) Expected benefits, potential risks and countermeasures of mergers and acquisitions implement:

The company and its subsidiaries have not had the plan of mergers and acquisitions implement in the most recent fiscal year and as of the publication date of the annual report.

- (8) Expected benefit, potential risks and countermeasures of plants expansion:

The company and its subsidiaries have not had the plan of plants expansion in the most recent fiscal year and as of the publication date of the annual report.

- (9) Risks and countermeasures faced by centralized sales or purchases:

A. The company and its subsidiaries have more than two suppliers of important raw materials, and it maintained a good cooperation to ensure the purchasing flexibility and diversify the purchase sources. Due to the consideration of the globalization strategy in production and marketing policies in the most recent three years, the purchasing proportion through the production base of overseas subsidiaries was high and the purchase sources were very diversified. Therefore, the company and its subsidiaries have not had the risk of centralized purchasing or unsterilized sources of supplying.

B. The company and its subsidiaries' automotive parts division produce auto parts such as the auto airbags inflatable housing and pretensioner seat belt precision tube. Due to the global auto airbags is mainly manufactured by several international well-known



manufactures, which is a highly centralized industry, and each auto airbags factory has its long-term and stable supply chain. Therefore, the company and its subsidiaries' products currently supply to the global top three Airbag system factories because of the industry characteristic. Due to the auto airbags inflatable housing of the company and its subsidiaries 's revenue is gradually increasing, the overall operating condition is still good.

- (10) The impacts, risks and countermeasures about changes in shareholding and equity pledge of directors, supervisors and shareholders holding more than 10% of the company's shares:

The company's directors and major shareholders are optimistic about the prospects of the company but every shareholder may base on the investment and financial management as well as tax liabilities as the consideration to make an appropriate planning and arrangement. In view of the need of corporate benefits and stabilizing the confidence of investors, if it is necessary for transferring or changing directors and major shareholder, then it must be implemented at an appropriate time after the sufficient communication with the board of directors and the operating team. Therefore, there are no adverse effects and risks to the company's operation and shareholders' equity. The company is comply with the regulations of the competent authority for the shareholding control. The company have not had changes in shareholding which held more than 10% of the company's shares in the most recent fiscal year and as of the publication date of the annual report.

- (11) The impacts, risks and countermeasures about changes in operation rights: Not applicable.

(12) Litigation or Non-litigation Cases

A. Litigation, non-litigation or administrative litigation of the company which had final judgment or still pending as of the publication date of the annual report for the most recent two fiscal years, the result may have a substantial impact on shareholders' equity or securities prices:

- (1) The prosecutor from the Nantou District Prosecutors Office in Taiwan has filed charges against our company on November 20, 2021, for alleged violations of Article 47 of the Waste Disposal Act and Article 57 of the Air Pollution Control Act, the company received the criminal judgment from the Nantou District Court in Taiwan (Document Case No. 111-Su-5) on April 17, 2023, detailing the background of the case as follows: The organic solvent waste of the company was transported by an environmental protection company without the proper qualifications for waste disposal. Additionally, volatile organic compounds were generated during the manufacturing process, and the report regarding the declaration and payment of air pollution control fees involves violations of the Waste Disposal Act, the Air Pollution Control Act, and the Criminal Code. The Nantou District Court in Taiwan pronounced the first-instance judgment, imposing a fine of NT\$2,500,000 and confiscating criminal proceeds amounting to NT\$4,346,600.
- (2) The company received a criminal verdict from the Taiwan Nantou District Court on April 17, 2023, imposing a fine of NT\$2,500,000 and confiscating the proceeds of the crime. As the company has estimated the impact amount to be NT\$6,846,600, which has been fully accounted for the financial statements in the fiscal year 2022. The impact is not deemed significant to the financial statements.

- B. The company's directors, supervisors, general manager, de facto director, major shareholders holding more than 10% of the company's shares and affiliated companies who had litigation, non-litigation or administrative litigation of final judgment or still pending as of the publication date of the annual report for the most recent two fiscal years, and the result may have a substantial impact on shareholders' equity or securities prices: Not applicable.
- C. The company's directors, supervisors, managers, and major shareholders holding more than 10% of the company's shares who had occurred Article 157 of the Securities and Exchange Act and the current situation of the company as of the publication date of the annual report for the most recent two fiscal years: Not applicable.
- D. The company's directors, supervisors, managers, and major shareholders holding more than 10% of the company's shares who had any financial difficulties or loss insolvent credits as of the publication date of the annual report for the most recent two fiscal years, and the impact of the company's financial status: Not applicable.

**(13). Other Major Risks and Countermeasures :**

**Disclosure of Information Security Management Measures**

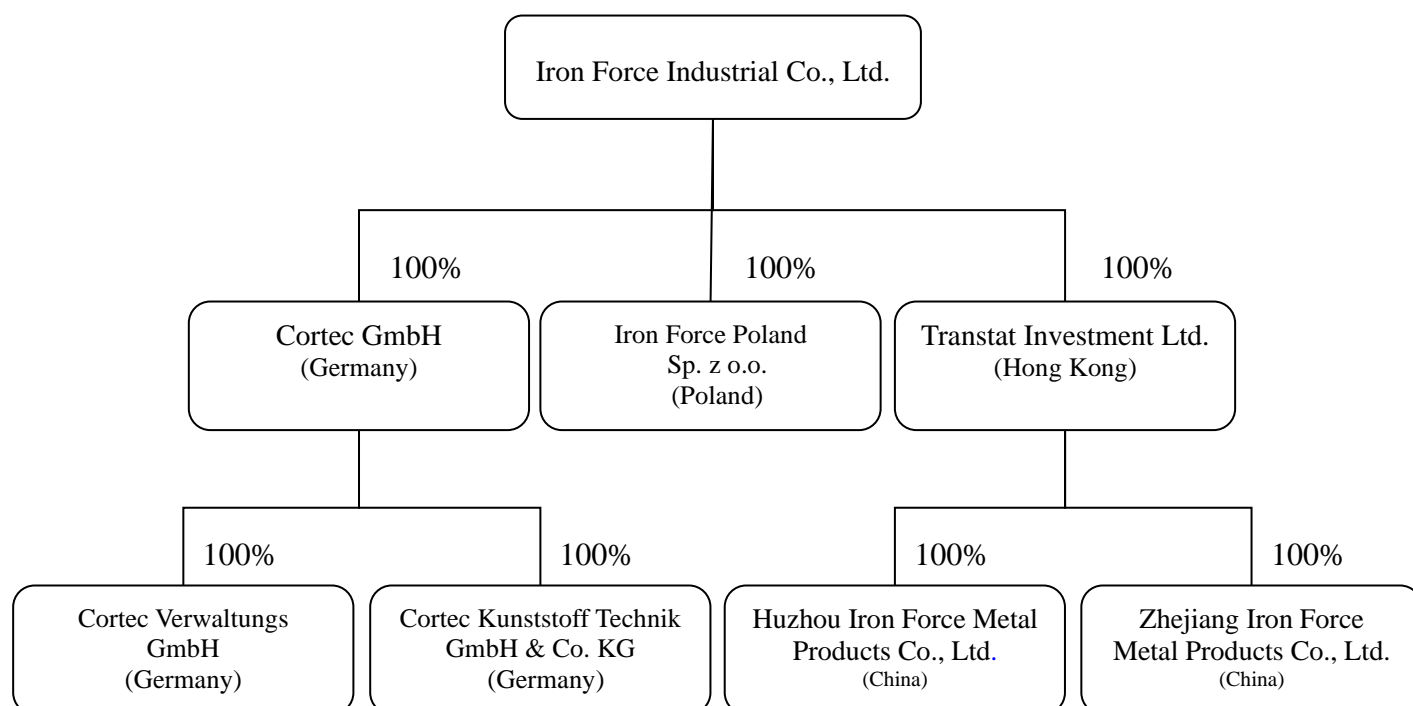
Iron Force Industrial Co., Ltd has established the information system management procedure, and conducted the relevant management operation on the basis of the program to control and maintain the operations from the important company system such as manufacturing operations and accounting. However, the relevant management system cannot guarantee that the cyber-attack of any third-party paralyzed system can be completely avoided. Iron Force Industrial Co., Ltd has inspected and evaluated the information system management procedure every year to ensure its appropriateness and effectiveness. As of the publication date of the annual report in 2023, Iron Force Industrial Co., Ltd have not found any substantial cyber-attack or incident which have or may cause the substantial negative effects to the corporate business or operation.

7.7 Other Important Matters: Not applicable.

## VIII. Special notes

### 8.1 Information about the company's affiliates:

#### 8.1.1 Organization chart of the company's affiliates:



Note: Sp. z o.o. is Ltd.

#### 8.1.2 Basic information about the company's affiliates:

December 31, 2023

Company name	Establishment date	Address	Paid-in capital	Major business items and productions
Cortec GmbH	October 25, 2005	Hauptstraße Nord 5, 69483 Wald-Michelbach	EUR750,000	Display fixtures, housewares and various hangers manufacturing and sales
Transtat Investment Ltd.	March 10, 1992	Unit 1001, 10/F, 28 Stanley Street, Central, Hong Kong	USD25,996,966	Holding company
Zhejiang Iron Force Metal Products Co., Ltd.	September 20, 2004	No.1 Xingluo West Road, Luoshe town, Deqing County, Zhejiang Province	USD5,000,000	Display fixtures, housewares, various hangers and related hardware, plastic, wooden product manufacturing, motor vehicles and parts manufacturing and plant lease

Company name	Establishment date	Address	Paid-in capital	Major business items and productions
Huzhou Iron Force Metal Products Co., Ltd.	September 12, 1992	No. 236, Chengnan Road, Luoshe Town, Deqing County, Zhejiang Province	USD43,060,000	Auto airbag inflators, seat belt system and spare components manufacturing.
Iron Force Poland Sp. z o.o.	December 19, 2017	UL. MACIEJA WILCZKA 6, ZABRZE, 41-807, POLAND	PLN80,000,000	Auto airbag inflators, seat belt system and spare components manufacturing
Cortec Verwaltungs GmbH	June 11, 2018	Hauptstraße Nord 5, 69483 Wald-Michelbach	EUR25,000	Management consulting firm
Cortec Kunststoff Technik GmbH & Co. KG	June 27, 2018	Windhofstr. 12, 64689 Grasellenbach	EUR25,000	Display fixtures, housewares and various hangers manufacturing and sales

8.1.3 It is presumed to have control and affiliations of the same shareholder information:  
Not applicable.

8.1.4 Directors of affiliated businesses, supervisors, and managers information

December 31, 2023

Company name	Job title	Name or legal representative	Shares held	
			No. of shares	Share-holding ratio
Cortec GmbH	Note 1	Note 1	Note 2	100%
Transtat Investment Ltd.	Chairman Director Director	Mr. HUANG, CHENG-I Mr. HUANG, CHENG-KUANG Mr. HUANG, CHENG-CHUNG	25,996,966	100%
Zhejiang Iron Force Metal Products Co., Ltd.	Chairman Director Director and general manager Supervisor	Mr. HUANG, CHENG-I Mr. HUANG, CHENG-KUANG Mr. HUANG, CHENG-CHUNG Mr. HUANG, YI-FAN	Note 2	100%
Huzhou Iron Force Metal Products Co., Ltd.	Chairman Director Director Supervisor Deputy General Manager	Mr. HUANG, CHENG-I Mr. HUANG, CHENG-KUANG Mr. HUANG, CHENG-CHUNG Mr. HUANG, YI-FAN Mr. LIU, SHI-WEI	Note 2	100%

Company name	Job title	Name or legal representative	Shares held	
			No. of shares	Share-holding ratio
Iron Force Poland Sp. zo.o.	Chairman Director Director	Mr. HUANG, CHENG-I Mr. HUANG, CHENG-KUANG Mr. HUANG, CHENG-CHUNG	1,600,000	100%
Cortec Verwaltungs GmbH	Note 1	Note 1	Note 2	100%
Cortec Kunststoff Technik GmbH & Co. KG	Note 3	Note 3	Note 2	100%

Note 1: There is no established director, which registered business representative in local is Torsten Schmitt.

Note 2: Limited/ limited partnership is unissued shares, not applicable.

Note 3: Cortec Kunststoff Technik GmbH & Co. KG is limited partnership, which registered business representative in local is general partner: Cortec Verwaltungs GmbH.

#### 8.1.5 Operations profile of the company's affiliates:

December 31, 2023 ; Units: NT\$ Thousands

Company name	Paid-in capital	Total assets	Total liabilities	Net worth	Sales revenue	Operating profit	Net profit after-tax	Earnings per share (NT\$)
Cortec GmbH	EUR 750	EUR 12,352	EUR 2,857	EUR 9,495	EUR 16,582	EUR 907	EUR 1,104	-
Transtat Investment Ltd.	USD 25,997	USD 140,087	USD 12,638	USD 127,449	USD 75,195	USD 11,837	USD 14,186	-
Zhejiang Iron Force Metal Products Co., Ltd.	USD 5,000	USD 5,526	USD 1,154	USD 4,372	USD 983	(USD 567)	USD 548	-
Huzhou Iron Force Metal Products Co., Ltd.	USD 43,060	USD 135,123	USD 12,614	USD 122,509	USD 75,195	USD 11,200	USD 13,638	-
Iron Force Poland Sp. z o.o.	PLN 80,000	PLN 80,753	PLN 11,401	PLN 69,352	PLN 28,150	(PLN 2,779)	(PLN823)	-
Cortec Verwaltungs GmbH	EUR 25	EUR 28	EUR 1	EUR 27	EUR 0	(EUR 2)	EUR 0	-
Cortec Kunststoff Technik GmbH & Co. KG	EUR 25	EUR 4,084	EUR 4,257	(EUR 173)	EUR 7,682	EUR 656	EUR 668	-

Note: Transtat Investment Ltd. is the holding company, the operation profile is expressed by the consolidated figures based on the consolidated Zhejiang Iron Force Metal Products Co., Ltd. and Huzhou Iron Force Metal

Products Co., Ltd.; the operation profile of Cortec Verwaltungs GmbH and Cortec Kunststoff Technik GmbH & Co. KG has been merged and expressed by Cortec GmbH.

8.2 For private placement of securities in the most recent fiscal year and as of the publication date of the annual report, it should disclose the date of approval by the shareholders meeting and amount approved, basis and rationality of the price setting, method of selection of qualified persons and reason for necessity of private placement, counterparty of the private placement, qualifications, subscription quantity, relationship with the company, participation in the company's operations, actual subscription (or conversion) price, difference between actual subscription (or conversion) price and reference price, impacts of private placement on shareholders' equity, fund utilization plan is implemented after self-owned funds or price payment is fully received, fund utilization of private placement and project implementation progress and private placement benefits: Not applicable.

8.3 Holding or disposal of the company's shares by subsidiaries of the company in the most recent fiscal year and as of the publication date of the annual report: Not applicable.

8.4 Other Necessary Supplementary Notes: Not applicable.

**IX. Matters in the Most Recent Fiscal Year and as of the Publication Date of the Annual Report Which Have a Substantial Impact on Owner's Equity as Stipulated in Item 3, Paragraph 2, Article 36 of the Securities and Exchange Act: Not applicable.**

**IRON FORCE INDUSTRIAL CO., LTD.**  
**PARENT COMPANY ONLY FINANCIAL**  
**STATEMENTS AND INDEPENDENT AUDITORS’**  
**REPORT**  
**DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Iron Force Industrial Co., Ltd.

### ***Opinion***

We have audited the accompanying parent company only balance sheets of Iron Force Industrial Co., Ltd. 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 significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of Iron Force Industrial Co., Ltd. as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Iron Force Industrial Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of Iron Force Industrial Co., Ltd.'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 Iron Force Industrial Co., Ltd.'s 2023 parent company only financial statements are stated as follows:

### **Appropriateness of cut-off of warehouse operating revenue**

#### Description

Refer to Note 4(27) for accounting policies on revenue recognition.

To meet the needs of some customers, the Auto Parts Division of Iron Force Industrial Co., Ltd. and its subsidiary, Huzhou Iron Force Metal Product Co., Ltd., store certain inventories in the customers' distribution warehouses. The warehouse custodians are responsible for checking and accepting as well as custody of the inventories, and regularly send the requisition reports to the authorised personnel of Iron Force Industrial Co., Ltd. and its subsidiary, Huzhou Iron Force Metal Product Co., Ltd., for checking inventory quantities. In accordance with the principle of revenue recognition, sales are recognised as revenue when the inventories are actually requested and used by the customer. Iron Force Industrial Co., Ltd. and its subsidiary, Huzhou Iron Force Metal Product Co., Ltd., recognises revenue based on the requisition reports provided by the warehouse custodians of Iron Force Industrial Co., Ltd. and the customers and verified by authorised personnel of Iron Force Industrial Co., Ltd. and its subsidiary, Huzhou Iron Force Metal Product Co., Ltd.

The distribution warehouses are located in the United States, Germany and China, contents of requisition reports provided by custodians are different and the process of revenue recognition involves manual verification. Thus, in consideration of the appropriateness of the timing of revenue recognition from warehouse sales, we considered the cut-off of warehouse operating revenue as a key audit matter for this year's audit.

#### How our audit addressed the matter

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

1. For the above revenue transactions, obtained an understanding of the sales transactions, amount and terms of mutual agreements, and selected samples and tested the reconciliation of sales records between both parties.
2. Obtained the requisition reports provided by the warehouse custodians during a certain period before and after the balance sheet date and verified the reports against the relevant invoices issued and the sales revenue on the accounting records.

3. Performed confirmation procedures based on the balance of inventory quantities at the end of the year.

***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 Iron Force Industrial Co., Ltd.'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 Iron Force Industrial Co., Ltd. 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 Iron Force Industrial Co., Ltd.'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 judgment 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 Iron Force Industrial Co., Ltd.'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 Iron Force Industrial Co., Ltd.'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 Iron Force Industrial Co., Ltd. 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 Iron Force Industrial Co., Ltd. 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.

Chen, Ching Chang

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 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.

**IRON FORCE 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)	\$ 258,884	4	\$ 161,073	3
1110	Financial assets at fair value through profit or loss – current	6(2)	528	-	280	-
1170	Accounts receivable, net	6(3)	311,792	5	224,003	4
1200	Other receivables		13,681	-	12,833	-
1210	Other receivables - related parties	7	42,896	1	17,626	-
130X	Inventories	6(4)	393,575	6	439,075	8
1470	Other current assets		3,394	-	24,471	-
11XX	Total current assets		1,024,750	16	879,361	15
Non-current assets						
1550	Investments accounted for under equity method	6(5)	4,764,918	75	4,308,285	76
1600	Property, plant and equipment	6(6)	405,999	7	388,036	7
1780	Intangible assets		19,837	-	11,772	-
1840	Deferred income tax assets	6(18)	69,239	1	63,073	1
1900	Other non-current assets		70,667	1	68,331	1
15XX	Total non-current assets		5,330,660	84	4,839,497	85
1XXX	Total assets		\$ 6,355,410	100	\$ 5,718,858	100

(Continued)

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

Liabilities and Equity			December 31, 2023		December 31, 2022					
			Notes	AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term borrowings	6(8)	\$	382,000	6	\$	484,000	9		
2120	Current financial liabilities at fair value through profit or loss	6(2)		7,600	-		-	-		
2130	Current contract liabilities	6(14)		1,977	-		892	-		
2170	Accounts payable			136,806	2		124,643	2		
2200	Other payables	6(7)		166,046	2		127,349	2		
2220	Other payables - related parties	7		698,841	11		17,514	-		
2230	Current income tax liabilities			42,057	1		39,749	1		
2320	Long-term liabilities, current portion	6(9)		-	-		299,371	5		
2399	Other current liabilities			4,712	-		12,042	-		
21XX	Total current liabilities			1,440,039	22		1,105,560	19		
Non-current liabilities										
2570	Deferred income tax liabilities	6(18)		516,244	8		420,851	7		
2600	Other non-current liabilities	6(10)		35,557	1		28,661	1		
25XX	Total non-current liabilities			551,801	9		449,512	8		
2XXX	Total liabilities			1,991,840	31		1,555,072	27		
Equity										
	Share capital	6(11)								
3110	Common stock			757,803	12		757,803	13		
	Capital surplus	6(12)								
3200	Capital surplus			813,473	13		813,473	14		
	Retained earnings	6(13)								
3310	Legal reserve			714,295	11		668,091	12		
3320	Special reserve			325,899	5		383,506	7		
3350	Unappropriated retained earnings			2,083,825	33		1,866,812	33		
	Other equity									
3400	Other equity interest		(	331,725)	(	5)	(	325,899)	(	6)
3XXX	Total equity			4,363,570	69		4,163,786	73		
	Significant contingent liabilities and unrecognised contract commitments	9								
	Significant events after the balance sheet date	11								
3X2X	Total liabilities and equity		\$	6,355,410	100	\$	5,718,858	100		

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

**IRON FORCE INDUSTRIAL CO., LTD.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(14)	\$ 1,788,823	100	\$ 1,636,262	100
5000	Operating costs	6(4)(17)	( 1,437,606)	( 81)	( 1,261,967)	( 77)
5900	Gross profit		<u>351,217</u>	<u>19</u>	<u>374,295</u>	<u>23</u>
	Operating expenses	6(17)				
6100	Selling expenses		( 52,926)	( 3)	( 88,253)	( 5)
6200	General and administrative expenses		( 143,254)	( 8)	( 131,829)	( 8)
6300	Research and development expenses		( 45,652)	( 2)	( 41,234)	( 3)
6450	Reversal of impairment loss determined in accordance with IFRS 9 (Expected credit impairment loss)		<u>5,378</u>	<u>-</u>	<u>( 8,411)</u>	<u>-</u>
6000	Total operating expenses		<u>( 236,454)</u>	<u>( 13)</u>	<u>( 269,727)</u>	<u>( 16)</u>
6900	Operating profit		<u>114,763</u>	<u>6</u>	<u>104,568</u>	<u>7</u>
	Non-operating income and expenses					
7100	Interest income	7	5,218	-	3,504	-
7010	Other income	6(15) and 7	55,684	3	52,229	3
7020	Other gains and losses	6(16)	11,191	1	37,026	2
7050	Finance costs		( 9,452)	-	( 7,790)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	<u>472,601</u>	<u>26</u>	<u>376,986</u>	<u>23</u>
7000	Total non-operating income and expenses		<u>535,242</u>	<u>30</u>	<u>461,955</u>	<u>28</u>
7900	Profit before tax		650,005	36	566,523	35
7950	Income tax expense	6(18)	( 136,188)	( 7)	( 113,933)	( 7)
8200	Profit for the year		<u>\$ 513,817</u>	<u>29</u>	<u>\$ 452,590</u>	<u>28</u>
Other comprehensive income						
Components of other comprehensive income that will not be reclassified to profit or loss						
8311	(Losses) Gains on remeasurements of defined benefit plan	6(10)	( \$ 6,358)	-	\$ 11,818	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(18)	<u>1,272</u>	<u>-</u>	<u>( 2,364)</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss						
8361	Financial statements translation differences of foreign operations		( 7,283)	( 1)	72,009	4
8399	Income tax relating to the components of other comprehensive income	6(18)	<u>1,457</u>	<u>-</u>	<u>( 14,403)</u>	<u>( 1)</u>
8300	Other comprehensive income (loss) for the year		<u>( \$ 10,912)</u>	<u>( 1)</u>	<u>\$ 67,060</u>	<u>4</u>
8500	Total comprehensive income for the year		<u>\$ 502,905</u>	<u>28</u>	<u>\$ 519,650</u>	<u>32</u>
	Earnings per share (in dollars)	6(19)				
9750	Basic earnings per share		<u>\$ 6.78</u>		<u>\$ 5.97</u>	
9850	Diluted earnings per share		<u>\$ 6.77</u>		<u>\$ 5.76</u>	

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

IRON FORCE 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)

				Retained Earnings		Financial statements translation differences of foreign operations	Total equity
Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>Year ended December 31, 2022</u>							
Balance at January 1, 2022	\$ 757,803	\$ 813,473	\$ 644,117	\$ 337,333	\$ 1,626,476	(\$ 383,505)	\$ 3,795,697
Profit for the year	-	-	-	-	452,590	-	452,590
Other comprehensive income for the year	-	-	-	-	9,454	57,606	67,060
Total comprehensive income	-	-	-	-	462,044	57,606	519,650
Appropriations of 2021 earnings	6(13)						
Legal reserve	-	-	23,974	-	( 23,974)	-	-
Special reserve	-	-	-	46,173	( 46,173 )	-	-
Cash dividends	-	-	-	-	( 151,561 )	-	( 151,561 )
Balance at December 31, 2022	\$ 757,803	\$ 813,473	\$ 668,091	\$ 383,506	\$ 1,866,812	(\$ 325,899)	\$ 4,163,786
<u>Year ended December 31, 2023</u>							
Balance at January 1, 2023	\$ 757,803	\$ 813,473	\$ 668,091	\$ 383,506	\$ 1,866,812	(\$ 325,899)	\$ 4,163,786
Profit for the year	-	-	-	-	513,817	-	513,817
Other comprehensive loss for the year	-	-	-	-	( 5,086 )	( 5,826 )	( 10,912 )
Total comprehensive income (loss)	-	-	-	-	508,731	( 5,826 )	502,905
Appropriations of 2022 earnings	6(13)						
Legal reserve	-	-	46,204	-	( 46,204 )	-	-
Special reserve	-	-	-	( 57,607 )	57,607	-	-
Cash dividends	-	-	-	-	( 303,121 )	-	( 303,121 )
Balance at December 31, 2023	\$ 757,803	\$ 813,473	\$ 714,295	\$ 325,899	\$ 2,083,825	(\$ 331,725 )	\$ 4,363,570

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



**IRON FORCE 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
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 650,005	\$ 566,523
Adjustments			
Adjustments to reconcile profit (loss)			
Unrealized profit from intercompany sales		25,019	16,334
Realized gain from intercompany sales	(	16,334 )	( 22,457 )
Expected credit impairment (gain)loss	(	5,378 )	( 8,411 )
Depreciation	6(6)(17)	47,605	44,098
Gain on disposal of property, plant and equipment	(	411 )	( 166 )
Amortization	6(17)	12,735	8,501
Interest income	(	5,218 )	( 3,504 )
Loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(16)	12,490	( 1,709 )
Interest expense		9,452	7,790
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	( 472,601 )	( 376,986 )
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable	(	82,411 )	( 70,040 )
Other receivables	(	848 )	( 953 )
Other receivables - related parties	(	25,270 )	( 7,481 )
Inventories		45,500	( 132,115 )
Other current assets		21,082	8,573
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss	(	5,138 )	-
Accounts payable		12,163	75,218
Other current liabilities	(	307,329 )	( 1,933 )
Other payables		41,398	( 5,240 )
Other payables - related parties		681,327	1,742
Current contract liabilities		1,085	( 1,177 )
Other non-current liabilities		538	469
Cash inflow generated from operations		639,461	128,860
Interest received		5,218	3,504
Income tax paid	(	41,929 )	( 8,791 )
Interest paid	(	8,823 )	( 4,145 )
Net cash flows from operating activities		593,927	119,428
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant and equipment	6(20)	( 74,839 )	( 79,262 )
Proceeds from disposal of property, plant and equipment		619	999
Increase in other non-current assets	(	16,775 )	( 15,217 )
Net cash flows used in investing activities	(	90,995 )	( 93,480 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
(Decrease) increase in short-term loan	6(21)	( 102,000 )	84,000
Payments of cash dividends	6(13)	( 303,121 )	( 151,561 )
Net cash flows used in financing activities	(	405,121 )	( 67,561 )
Net increase in cash and cash equivalents		97,811	( 41,613 )
Cash and cash equivalents at beginning of year		161,073	202,686
Cash and cash equivalents at end of year		\$ 258,884	\$ 161,073

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

IRON FORCE INDUSTRIAL CO., LTD.  
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organisation

Iron Force Industrial Co., Ltd. (the “Company”) was incorporated in April 1977 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and listed on the Taiwan Stock Exchange on November 25, 2013. The Company is primarily engaged in manufacturing and trading of airbag inflators for automotive safety systems and high precision metal tubes for seatbelt retractor/pretensioner systems, and trading of display fixtures and other metal parts.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on March 7, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance

with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

- A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the parent company only financial statements are measured using the currency of the primary economic environment (the “functional currency”). The parent company only financial statements are presented in NTD, which is the Company’s functional and presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

## B. Translation of foreign operations

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

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

## (4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

## (5) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Company measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(7) Accounts receivable

- A. Accounts receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Inventories

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

(11) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.
- D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) and other comprehensive income of the current period in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(12) Property, plant and equipment

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

Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	51~56 years
Machinery and equipment	2~ 6 years
Office equipment	6 years
Others	1~20 years

(13) Leasing arrangements (lessee)

Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

(14) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~3 years.

(15) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

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

(17) Notes and accounts payable

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



(18) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term.
- B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(19) Convertible bonds payable

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Company classifies the bonds payable upon issuance as a financial asset or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options are recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on the balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(20) Derecognition of financial liabilities

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

(21) Non-hedging derivatives

- A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is

entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

- B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss.

(22) Provisions

Provisions (including onerous contracts) are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

### C. Termination benefits

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

### D. Employees' compensation and directors' remuneration

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

## (24) Income tax

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

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

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

(27) Revenue recognition

Sales of goods

- A. The Company manufactures and sells automotive safety components, display fixtures and other metal parts. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- B. Revenue from sales of automotive safety components, display fixtures and other metal parts is recognised based on the price specified in the contract, net of sales returns, volume discounts and sales discounts. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or services and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Company will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-

current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

#### 5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

##### (2) Critical accounting estimates and assumptions

None.

#### 6. Details of Significant Accounts

##### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Petty cash and cash on hand	\$ 150	\$ 150
Checking accounts and demand deposits	41,292	60,021
Time deposits	134,098	-
Short-term notes and bills	83,344	100,902
	<u>\$ 258,884</u>	<u>\$ 161,073</u>

- A. As of December 31, 2023 and 2022, the annual interest rate of cash equivalents was 1.12%~4.08% and 0.83%, respectively, and the cash equivalents were highly liquid investments expiring within three months such as time deposits and short-term notes and bills.
- B. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- C. The Company has no cash and cash equivalents pledged to others.

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 12,000	\$ 12,000
Valuation adjustment	( 11,472)	( 10,720)
	<u>\$ 528</u>	<u>\$ 280</u>
Current items:		
Financial liabilities mandatorily measured at fair value through profit or loss		
Forward foreign exchange contracts	<u>\$ 7,600</u>	<u>\$ -</u>

A. Amounts recognised in profit or loss in relation to financial assets / liabilities at fair value through profit or loss are listed below:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets/ liabilities mandatorily measured at fair value through profit or loss		
Equity instruments	\$ 248	(\$ 1,004)
Forward foreign exchange contracts	( 12,738)	2,713
	<u>(\$ 12,490)</u>	<u>\$ 1,709</u>

B. Details of the transactions and contract information in respect of the Company's derivative financial assets / liabilities which were not accounted for under hedge accounting are as follows:

	<u>December 31, 2023</u>	
	Contract amount (notional principal)	
<u>Financial instruments</u>	<u>(in dollars)</u>	<u>Contract period</u>
Forward foreign exchange contracts - pre-sale	EUR4,000,000	2023/7/25~2024/7/18
Forward foreign exchange contracts - pre-sale	EUR7,600,000	2023/7/25~2024/7/18
Forward foreign exchange contracts - pre-sale	EUR8,400,000	2023/7/25~2024/7/18

There was no such situation for the year ended December 31, 2022.

The Company entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

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

(3) Accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable	\$ 315,825	\$ 233,414
Less: Allowance for uncollectible accounts	( 4,033)	( 9,411)
	<u>\$ 311,792</u>	<u>\$ 224,003</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 266,146	\$ 158,285
Up to 30 days	32,804	34,614
31 to 90 days	16,875	32,274
91 to 180 days	-	8,241
	<u>\$ 315,825</u>	<u>\$ 233,414</u>

The above ageing analysis was based on past due date.

- B. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of accounts receivable from contracts with customers amounted to \$315,825, \$233,414, and \$163,374, respectively.
- C. Information relating to credit risk of accounts receivable is provided in Note 12(2).

(4) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 168,074	(\$ 1,650)	\$ 166,424
Work in progress	22,394	( 2,158)	20,236
Finished goods	209,546	( 3,028)	206,518
Merchandise	10,885	( 10,488)	397
	<u>\$ 410,899</u>	<u>(\$ 17,324)</u>	<u>\$ 393,575</u>
December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 182,776	(\$ 1,338)	\$ 181,438
Work in progress	28,900	( 1,898)	27,002
Finished goods	230,965	( 949)	230,016
Merchandise	12,980	( 12,361)	619
	<u>\$ 455,621</u>	<u>(\$ 16,546)</u>	<u>\$ 439,075</u>

The cost of inventories recognised as expense for the years ended December 31, 2023 and 2022 was \$1,437,606 and \$1,261,967, including the amount of \$778 and \$7,632, respectively, that the Company recognised an increase in cost of goods sold for movements in net realisable value.



(5) Investments accounted for using equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries:		
Transtat Investment Ltd.	\$ 3,898,595	\$ 3,539,738
Cortec GmbH	325,496	277,417
Iron Force Poland Sp. z o.o.	540,827	491,130
	<u>\$ 4,764,918</u>	<u>\$ 4,308,285</u>

A. Share of profit of subsidiaries accounted for using equity method is as follows:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Subsidiaries:		
Transtat Investment Ltd.	\$ 441,526	\$ 381,594
Cortec GmbH	37,212	7,995
Iron Force Poland Sp. z o.o.	( 6,137)	( 12,603)
	<u>\$ 472,601</u>	<u>\$ 376,986</u>

B. Details of the Company's subsidiaries are provided in Note 4(3) of the Company's consolidated financial statements as of and for the year ended December 31, 2023.

C. The above investments accounted for using equity method and investment income were evaluated based on the financial statements audited by independent auditors for the corresponding period.

(6) Property, plant and equipment

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2023</u>						
Cost	\$ 94,514	\$ 234,787	\$ 251,531	\$ 134	\$ 21,382	\$ 602,348
Accumulated depreciation	-	( 77,451)	( 127,216)	( 92)	( 9,553)	( 214,312)
	<u>\$ 94,514</u>	<u>\$ 157,336</u>	<u>\$ 124,315</u>	<u>\$ 42</u>	<u>\$ 11,829</u>	<u>\$ 388,036</u>
<u>2023</u>						
Opening net book amount as at January 1	\$ 94,514	\$ 157,336	\$ 124,315	\$ 42	\$ 11,829	\$ 388,036
Additions	-	500	64,574	310	392	65,776
Disposals	-	-	( 208)	-	-	( 208)
Depreciation charge	-	( 4,689)	( 38,915)	( 39)	( 3,962)	( 47,605)
Closing net book amount as at December 31	<u>\$ 94,514</u>	<u>\$ 153,147</u>	<u>\$ 149,766</u>	<u>\$ 313</u>	<u>\$ 8,259</u>	<u>\$ 405,999</u>
<u>At December 31, 2023</u>						
Cost	\$ 94,514	\$ 235,287	\$ 261,529	\$ 444	\$ 19,350	611,124
Accumulated depreciation	-	( 82,140)	( 111,763)	( 131)	( 11,091)	( 205,125)
	<u>\$ 94,514</u>	<u>\$ 153,147</u>	<u>\$ 149,766</u>	<u>\$ 313</u>	<u>\$ 8,259</u>	<u>\$ 405,999</u>

	<u>Land</u>	<u>Buildings and structures</u>	<u>Machinery and equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Total</u>
<u>At January 1, 2022</u>						
Cost	\$ 94,514	\$ 233,965	\$ 243,044	\$ 134	\$ 16,152	\$ 587,809
Accumulated depreciation	<u>-</u>	<u>( 72,780)</u>	<u>( 145,510)</u>	<u>( 68)</u>	<u>( 9,423)</u>	<u>( 227,781)</u>
	<u>\$ 94,514</u>	<u>\$ 161,185</u>	<u>\$ 97,534</u>	<u>\$ 66</u>	<u>\$ 6,729</u>	<u>\$ 360,028</u>
<u>2022</u>						
Opening net book amount as at January 1	\$ 94,514	\$ 161,185	\$ 97,534	\$ 66	\$ 6,729	\$ 360,028
Additions	-	822	63,822	-	8,295	72,939
Disposals	-	-	( 833)	-	-	( 833)
Depreciation charge	<u>-</u>	<u>( 4,671)</u>	<u>( 36,208)</u>	<u>( 24)</u>	<u>( 3,195)</u>	<u>( 44,098)</u>
Closing net book amount as at December 31	<u>\$ 94,514</u>	<u>\$ 157,336</u>	<u>\$ 124,315</u>	<u>\$ 42</u>	<u>\$ 11,829</u>	<u>\$ 388,036</u>
<u>At December 31, 2022</u>						
Cost	\$ 94,514	\$ 234,787	\$ 251,531	\$ 134	\$ 21,382	\$ 602,348
Accumulated depreciation	<u>-</u>	<u>( 77,451)</u>	<u>( 127,216)</u>	<u>( 92)</u>	<u>( 9,553)</u>	<u>( 214,312)</u>
	<u>\$ 94,514</u>	<u>\$ 157,336</u>	<u>\$ 124,315</u>	<u>\$ 42</u>	<u>\$ 11,829</u>	<u>\$ 388,036</u>

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(7) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Wages and salaries payable	\$ 82,567	\$ 79,314
Payable on purchasing materials on behalf of others (Note)	35,755	-
Processing fees payable	11,978	10,480
Import / export expenses payable	5,167	6,129
Payable on machinery and equipment	8,862	11,564
Others	<u>21,717</u>	<u>19,862</u>
	<u>\$ 166,046</u>	<u>\$ 127,349</u>

Note: Pertains to purchases of raw materials on behalf of second-tier subsidiaries.

(8) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 382,000</u>	1.53%	None
<u>Type of borrowings</u>	<u>December 31, 2022</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Unsecured borrowings	<u>\$ 484,000</u>	1.32~1.375%	None

Interest expense recognised in profit or loss amounted to \$5,934 and \$4,140 for the years ended December 31, 2023 and 2022, respectively.

(9) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ -	\$ 300,000
Less: Discount on bonds payable	-	( 629)
Current portion or exercise of put options		( 299,371)
	<u>\$ -</u>	<u>\$ -</u>

A. The terms of the second domestic unsecured convertible bonds issued by the Company in March 2020 are as follows:

	<u>Second unsecured convertible bonds</u>
Total issuance amount	\$300,000
Coupon rate	- %
Effective rate	1.23%
Issuance period	3 years
Expiry date	March 9, 2023
Collateral	None
Put option	None
Call option	(a) Redemption at maturity: The principal is payable upon maturity. (b) Redemption in advance: The Company may repurchase the bonds outstanding in cash at the bonds' face value within 30 consecutive trading days when the closing price of the Company's common shares is above the then conversion price by 30% (including 30%) for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date; or the Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time when the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
Conversion price (in dollars per share)	95.95
Conversion period	Starting from the date after three months of the issuance to the maturity date
Converted amount	\$ -
Repurchased amount	\$ -

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$27,655 was separated from the liability component and was recognised in 'capital surplus—share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their

host contracts and were recognised in ‘financial assets at fair value through profit or loss’ in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(10) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3.5% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 57,027	\$ 51,967
Fair value of plan assets	( 21,510)	( 23,347)
Net defined benefit liability		
( shown as ‘other non-current liabilities’ )	<u>\$ 35,517</u>	<u>\$ 28,620</u>

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2023</u>			
At January 1	\$ 51,967	(\$ 23,347)	\$ 28,620
Current service cost	250	-	250
Interest expense (income)	<u>707</u>	<u>( 317)</u>	<u>390</u>
	<u>52,924</u>	<u>( 23,664)</u>	<u>29,260</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 103)	( 103)
Change in demographic assumptions	489	-	489
Change in financial assumptions	5,591	-	5,591
Experience adjustments	<u>381</u>	<u>-</u>	<u>381</u>
	<u>6,461</u>	<u>( 103)</u>	<u>6,358</u>
Pension fund contribution	-	( 101)	( 101)
Paid pension	<u>( 2,358)</u>	<u>2,358</u>	<u>-</u>
At December 31	<u>\$ 57,027</u>	<u>(\$ 21,510)</u>	<u>\$ 35,517</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
At January 1	\$ 65,181	(\$ 25,211)	\$ 39,970
Current service cost	277	-	277
Interest expense (income)	476	(184)	292
	<u>65,934</u>	<u>(25,395)</u>	<u>40,539</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,907)	(1,907)
Change in demographic assumptions	307	-	307
Change in financial assumptions	(9,028)	-	(9,028)
Experience adjustments	<u>(1,190)</u>	<u>-</u>	<u>(1,190)</u>
	<u>(9,911)</u>	<u>(1,907)</u>	<u>(11,818)</u>
Pension fund contribution	-	(101)	(101)
Paid pension	<u>(4,056)</u>	<u>4,056</u>	<u>-</u>
At December 31	<u>\$ 51,967</u>	<u>(\$ 23,347)</u>	<u>\$ 28,620</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Year ended December 31	
	2023	2022
Discount rate	1.24%	1.36%
Future salary increases	3.03%	2.19%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 3,079)	\$ 3,353	\$ 3,276	(\$ 3,042)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,747)	\$ 3,166	\$ 3,123	(\$ 2,742)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$100.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 11 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$	36,137
1-2 year(s)		6,847
2-5 years		5,194
Over 5 years		1,862
	\$	<u>50,040</u>

- B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on not lower than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.
- (b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2023 and 2022 were \$12,470 and \$12,258, respectively.

(11) Share capital

- A. As of December 31, 2023, the Company’s authorised capital was \$1,300,000, consisting of 130,000 thousand shares of ordinary stock, and the paid-in capital was \$757,803 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. Movements in the number of the Company’s ordinary shares outstanding are as follows:

	<u>2023</u>	<u>2022</u>
At January 1 (at December 31)	<u>75,780 thousand shares</u>	<u>75,780 thousand shares</u>

(12) Capital surplus

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

(13) Retained earnings/ events after the balance date

- A. Under the Company’s Articles of Incorporation, the current year’s profit shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if any, to be retained or to be appropriated which shall be resolved by the stockholders at the stockholders’ meeting.
- B. The Company distributes dividends taking into consideration the Company’s economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Dividends distribution shall be resolved by the shareholders based on current year’s profit and capital position.



- C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.
- D. The appropriations of 2022 and 2021 earnings as resolved at the shareholders' meeting on June 21, 2023 and on June 24, 2022, respectively, are as follows:

	Year ended December 31,			
	2022		2021	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	\$ 46,204		\$ 23,974	
Special reserve	( 57,607 )		46,173	
Cash dividends	303,121	\$ 4.00	151,561	\$ 2.00
	<u>\$ 291,718</u>		<u>\$ 221,708</u>	

- E. Events after the balance sheet date:

The appropriations of earnings for the year ended December 31, 2023 as proposed by the Board of Directors on March 7, 2024 is as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 50,873	
Special reserve	5,826	
Cash dividends	378,901	\$ 5.00
	<u>\$ 435,600</u>	

(14) Operating revenue

	Year ended December 31	
	2023	2022
Revenue from contracts with customers	<u>\$ 1,788,823</u>	<u>\$ 1,636,262</u>

- A. The Company has recognised the following contract liabilities of revenue from contracts with customers as a result of advance sales receipts:

	December 31, 2023	December 31, 2022
Contract liabilities	<u>\$ 1,977</u>	<u>\$ 892</u>

- B. The contract liabilities at the beginning of the year which were recognised in revenue for the years ended December 31, 2023 and 2022 amounted to \$892 and \$2,069, respectively.

(15) Other income

	Year ended December 31	
	2023	2022
Rent income	\$ 336	\$ 336
Other income-others (note)	55,348	51,893
	<u>\$ 55,684</u>	<u>\$ 52,229</u>

Note: Refer to Note 7(2) B.

(16) Other gains and losses

	Year ended December 31	
	2023	2022
Net currency exchange gains	\$ 594	\$ 36,033
Net (loss) gains on financial instruments at fair value through profit or loss	( 12,490)	1,709
Litigation compensation loss (note)	-	( 8,429)
Miscellaneous income (disbursements)	23,087	7,713
	<u>\$ 11,191</u>	<u>\$ 37,026</u>

Note: It is loss from litigation compensation. The Company had assessed the loss and liability provision in 2022 and had received the first-instance judgment in April 2023. This case had been concluded.

(17) Expenses by nature/ events after the balance date

	Year ended December 31, 2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 187,029	\$ 130,717	\$ 317,746
Labour and health insurance fees	21,191	9,958	31,149
Pension costs	7,048	6,062	13,110
Directors' remuneration	-	2,782	2,782
Other personnel expenses	2,657	6,066	8,723
Depreciation charge	41,474	6,131	47,605
Amortisation charge	256	12,479	12,735

	Year ended December 31, 2022		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	\$ 173,457	\$ 125,727	\$ 299,184
Labour and health insurance fees	19,089	9,742	28,830
Pension costs	6,861	5,966	12,827
Directors' remuneration	-	1,465	1,465
Other personnel expenses	2,737	5,374	8,111
Depreciation charge	36,356	7,743	44,098
Amortisation charge	83	8,418	8,501

Note 1: As of December 31, 2023 and 2022, the Company had 459 and 442 employees, respectively. There were 6 non-employee directors for both years.

Note 2: For the years ended December 31, 2023 and 2022, the average employee benefit expenses were \$818 and \$800, respectively, the average salary expenses were \$701 and \$686, respectively, and the adjustment of average employee salaries was 2.2%.

Note 3: The remuneration policies of the Company's directors, managers and employees are as follows:

(a) Remuneration policy of directors and managers:

- i. For general directors' remuneration, in accordance with Article 20 of Incorporation of the Company, if the Company has any profit for the current year, the Company shall distribute no more than 5% as directors' remuneration as resolved by the Board of Directors. The Board of Directors is authorised to determine the remuneration according to the degree of their participation and contribution to the Company's operations and by reference to the general pay levels in the industry.

ii. Directors' and managers' remuneration for their services rendered are determined by taking into account the general pay levels in the same industry, individual performance assessment results, the time spent by the individual, their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also, the Company evaluates the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company. The remuneration shall be proposed by the remuneration committee and then submitted to the Board of Directors for discussion and resolution. Employees' compensation is determined by their positions and their contributions, and employees are encouraged to focus on long-term contributions and share the results of the Company's operations.

(b) Employee compensation policy:

i. Compliance with laws and regulations:

Provide employee compensation and benefits in compliance with applicable laws and regulations, including minimum basic salary, overtime pay, day off, and benefits under the laws and regulations.

ii. Continue to promote the performance-oriented salary and welfare system to give fair and reasonable feedback to employees for their contributions:

(i). Internally, take a job inspection to fairly reflect the contribution to the organisation of relative work value of each position.

(ii). Externally, the position grades are determined based on the sum of the various knowledge, skills, and experience required for each position, the difficulty of solving problems, the authority of the scope of responsibility, and the level of communication skills. Also, refer to the price of living index and external salary survey data to determine the salary range of the position, and expecting the payment of salary is better than the average salary level of the same external industry to meet the competitiveness of the market.

(iii). Based on the employee's work performance, assessment and reward and punishment records as a reference for annual salary adjustment.

iii. Incentives:

(i). Based on the employee's work performance, assessment and reward and punishment records as a reference for annual salary adjustment.

(ii). Incentivize organisation's revenue and growth of profit:

Through the achievement of financial indicators and balanced scorecard indicators, performance bonuses are issued to stimulate the employees' potential and break personal normal work performance, and promote the growth of the Company's revenue and profits.

iv. Better than statutory benefits items:

The Company provides better than statutory benefits items, including year-end bonus, bonus system, annual salary adjustment, holiday bonus, birthday gift certificate, wedding and funeral subsidies, annual health examination, domestic and foreign employee travel held by the welfare committee, free lunch and overtime dinner, employee education grant, senior employee recognition, special group insurance, uniforms (for employees in Nantou), free car and motorcycle parking (for employees in Nantou), year-end gathering, etc. Days off and statutory benefits are also provided.

- A. In accordance with the Articles of Incorporation of the Company, if the Company has distributable profit of the current year, the Company shall distribute at not lower than 0.5% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. The Company shall distribute directors' remuneration at no more than 5% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders during their meeting.
- B. For the years ended December 31, 2023 and 2022, employees' compensation and directors' remuneration were accrued as follows:

	Year ended December 31	
	2023	2022
Directors' remuneration	\$ 1,500	\$ 1,500
Employees' compensation	9,511	8,947
	<u>\$ 11,011</u>	<u>\$ 10,447</u>

The aforementioned amounts were recognised in salary expenses and were accrued based on the distributable profit for the year ended December 31, 2023 and the Company's Articles of Incorporation.

- C. The directors' remuneration and employees' compensation for 2023 resolved by the Board of Directors on March 7, 2024 amounted to \$1,590 and \$3,700, respectively. The difference between the amounts resolved by the Board of Directors and the directors' remuneration of \$1,500 and employees' compensation of \$9,511 recognised in the 2023 financial statements was regarded as changes in accounting estimates and recognised in profit or loss for 2024.

- D. The directors' remuneration and employees' compensation for 2022 resolved by the Board of Directors on March 17, 2023 amounted to \$1,468 and \$3,000, respectively. The difference between the amounts resolved by the Board of Directors and the directors' remuneration of \$1,500 and employees' compensation of \$8,947 recognised in the 2022 financial statements was regarded as changes in accounting estimates and recognised in the profit or loss for 2023.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 38,031	\$ 40,077
Tax on undistributed surplus earnings	4,492	-
Prior year income tax under estimation	1,709	1,315
Total current tax	44,232	41,392
Deferred tax:		
Origination and reversal of temporary differences	91,956	72,541
Income tax expense	<u>\$ 136,188</u>	<u>\$ 113,933</u>

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

	Year ended December 31	
	2023	2022
Currency translation differences	\$ 1,457	(\$ 14,403)
Remeasurement of defined benefit asset	1,272	( 2,364)

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 130,001	\$ 113,305
Tax effects disallowed by tax regulation	276	883
Tax exempt income by tax regulation	( 290)	( 1,631)
Change in assessment of realisation of deferred tax assets	-	61
Tax on undistributed surplus earnings	4,492	-
Prior year income tax underestimation	1,709	1,315
Income tax expense	<u>\$ 136,188</u>	<u>\$ 113,933</u>

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

	2023			
	January 1	Recognised in profit or loss	Recognised in comprehensive income	December 31
Temporary differences:				
–Deferred tax assets:				
Loss on inventory	\$ 3,308	\$ 157	\$ -	\$ 3,465
Unrealised gain on inter-affiliate accounts	3,267	1,737	-	5,004
Unrealised gain or loss on financial assets	729	1,436	-	2,165
Unused compensated absences	2,002	-	-	2,002
Unrealised appropriation of pension expenses	5,651	107	1,272	7,030
Currency translation differences	<u>48,116</u>	<u>-</u>	<u>1,457</u>	<u>49,573</u>
	<u>63,073</u>	<u>3,437</u>	<u>2,729</u>	<u>69,239</u>
–Deferred tax liabilities:				
Profit or loss of investments accounted for using equity method	( 420,333)	( 94,520)	-	( 514,853)
Unrealised exchange gain	<u>( 518)</u>	<u>( 873)</u>	<u>-</u>	<u>( 1,391)</u>
	<u>( 420,851)</u>	<u>( 95,393)</u>	<u>-</u>	<u>( 516,244)</u>
	<u>(\$ 357,778)</u>	<u>(\$ 91,956)</u>	<u>\$ 2,729</u>	<u>(\$ 447,005)</u>

2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
–Deferred tax assets:				
Loss on inventory	\$ 1,783	\$ 1,525	\$ -	\$ 3,308
Unrealised gain on inter-affiliate accounts	4,491	( 1,224)	-	3,267
Unrealised gain or loss on financial assets	-	729	-	729
Unused compensated absences	781	1,221	-	2,002
Unrealised appropriation of pension expenses	7,921	94	( 2,364)	5,651
Currency translation differences	<u>62,519</u>	<u>-</u>	<u>( 14,403)</u>	<u>48,116</u>
	<u>77,495</u>	<u>2,345</u>	<u>( 16,767)</u>	<u>63,073</u>
–Deferred tax liabilities:				
Profit or loss of investments accounted for using equity method	( 344,936)	( 75,397)	-	( 420,333)
Unrealised gain on valuation of financial assets	( 710)	710	-	-
Unrealised exchange gain	<u>( 319)</u>	<u>( 199)</u>	<u>-</u>	<u>( 518)</u>
	<u>( 345,965)</u>	<u>( 74,886)</u>	<u>-</u>	<u>( 420,851)</u>
	<u>(\$ 268,470)</u>	<u>(\$ 72,541)</u>	<u>(\$ 16,767)</u>	<u>(\$ 357,778)</u>

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

(19) Earnings per share

Year ended December 31, 2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	<u>\$ 513,817</u>	<u>75,780</u>	<u>\$ 6.78</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	<u>\$ -</u>	<u>127</u>	
Profit plus all dilutive potential ordinary shares	<u>\$ 513,817</u>	<u>75,907</u>	<u>\$ 6.77</u>



	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 452,590	75,780	\$ 5.97
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Domestic convertible bonds (the second)	\$ 2,916	3,127	
Employees' compensation	-	150	
Profit plus all dilutive potential ordinary shares	\$ 455,506	79,057	\$ 5.76

(20) Supplemental cash flow information

Investing activities with partial cash payments:

	2023	2022
Purchase of property, plant and equipment	\$ 65,776	\$ 72,939
Add: Opening balance of payable on equipment	11,564	6,101
Less: Ending balance of payable on equipment	( 8,862)	( 11,564)
Add: Changes in prepayments for business facilities	6,361	11,786
Cash paid during the year	\$ 74,839	\$ 79,262

(21) Changes in liabilities from financing activities

	Short-term borrowings	Bonds payable	Other payables – related parties	Total
January 1, 2023	\$ 484,000	\$ 299,371	\$ 17,514	\$ 800,885
Changes in cash flow from financing activities	( 102,000)	( 300,000)	( 681,327)	279,327
Changes in other non-cash items	-	629	-	629
December 31, 2023	\$ 382,000	\$ -	\$ 698,841	\$ 1,080,841

	Short-term borrowings	Bonds payable	Other payables– related parties	Total
January 1, 2022	\$ 400,000	\$ 295,726	\$ 15,772	\$ 711,498
Changes in cash flow from financing activities	84,000	-	1,742	85,742
Changes in other non-cash items	-	3,645	-	3,645
December 31, 2022	\$ 484,000	\$ 299,371	\$ 17,514	\$ 800,885

## 7. Related Party Transactions

### (1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Transtat Investment Ltd.	Subsidiary
Cortec GmbH	Subsidiary
Iron Force Poland Sp. z o.o.	Subsidiary
Huzhou Iron Force Metal Products Co., Ltd.	Second-tier subsidiary
Zhejiang Iron Force Metal Products Co., Ltd.	Second-tier subsidiary
Hyphen Industrial Corp.	The chairman of the Company and the chairman of the entity are relatives within the second degree

### (2) Significant related party transactions

#### A. Other receivables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Other receivables due from related parties:		
Huzhou Iron Force Metal Products Co., Ltd.	\$ 42,824	\$ 17,626
Iron Force Poland Sp. z o.o.	72	-
	<u>\$ 42,896</u>	<u>\$ 17,626</u>

Other receivables arise mainly from payments on behalf of second-tier subsidiaries for purchasing raw materials and suppliers.

#### B. Rent income and other income

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Huzhou Iron Force Metal Products Co., Ltd.	\$ 55,348	\$ 51,893
Other related parties	1,046	1,046
	<u>\$ 56,394</u>	<u>\$ 52,939</u>

The Company's other income to second-tier subsidiaries arise mainly from the fee expenses from purchasing raw materials on behalf of second-tier subsidiaries and technical service revenue, etc; and to other related parties arise mainly from income from managerial services and rental income.

C. Related party financing:

Loans from related parties:

(a) Outstanding balance

	Year ended December 31	
	2023	2022
Transtat Investment Ltd.	\$ 17,490	\$ 17,514
Huzhou Iron Force Metal Products Co., Ltd.	\$ 681,351	\$ -

(b) Interest expense

	2023	2022
Huzhou Iron Force Metal Products Co., Ltd.	\$ 2,889	\$ -

The interest is recognized at 0.65% and 0% respectively for the loans from Huzhou Iron Force Metal Products Co., Ltd. and Transtat Investment Ltd..

D. Endorsements and guarantees provided to related parties:

	December 31, 2023	December 31, 2022
Second-tier subsidiaries	\$ 214,795	\$ 215,075

(3) Key management compensation

	Years ended December 31	
	2023	2022
Short-term employee benefits	\$ 24,929	\$ 21,236
Post-employment benefits	535	526
	\$ 25,464	\$ 21,762

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) Contingencies

None.

(2) Commitments

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	\$ 4,838	\$ 7,552
Consultation service contract	15,860	16,350
	<u>\$ 20,698</u>	<u>\$ 23,902</u>

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

Refer to Notes 6(13) and 6(17).

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ <u>528</u>	\$ <u>280</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 258,884	\$ 161,073
Accounts receivable	311,792	224,003
Other receivables (including related parties)	56,577	30,459
Guarantee deposits paid (shown as other non-current assets)	<u>94</u>	<u>48</u>
	<u>\$ 627,347</u>	<u>\$ 415,583</u>
 <u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ <u>7,600</u>	\$ <u>-</u>

Financial liabilities at amortised cost			
Short-term borrowings	\$	382,000	\$ 484,000
Accounts payable		136,806	124,643
Other payables (including related parties)		864,887	144,863
Bonds payable (including due within one year)		-	299,371
	\$	<u>1,383,693</u>	<u>\$ 1,052,877</u>

#### B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk.
- (b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

#### C. Significant financial risks and degrees of financial risks

##### (a) Market risk

##### Foreign exchange risk

- i. The Company's foreign exchange rate risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.
- ii. Management has set up a policy to manage the foreign exchange risk against the functional currency. The Company treasury uses forward foreign exchange contracts to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

- iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,959	30.69	\$ 182,852
EUR:NTD	7,380	33.97	250,699
RMB:NTD	21,664	4.33	93,718
<u>Non-monetary items</u>			
USD:NTD	127,052	30.69	\$ 3,898,595
EUR:NTD	9,582	33.97	325,496
PLN:NTD	69,352	7.798	540,827
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 649	30.69	\$ 19,915
EUR:NTD	23,715	33.97	805,599

		December 31, 2022		
(Foreign currency: functional currency)		Foreign currency amount (in thousands)	Exchange rate	Book value (in thousands of NTD)
Financial assets				
Monetary items				
USD:NTD	\$	4,628	30.73	\$ 142,204
EUR:NTD		3,029	32.71	99,094
RMB:NTD		15,342	4.41	67,675
Non-monetary items				
USD:NTD		115,207	30.73	3,539,738
EUR:NTD		8,481	32.71	277,417
PLN:NTD		70,174	6.999	491,130
Financial liabilities				
Monetary items				
USD:NTD	\$	809	30.73	\$ 24,848
EUR:NTD		2,290	32.71	74,911

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

	Year ended December 31, 2023			
(Foreign currency: functional currency)	Sensitivity analysis			
	Degree of variation	Effect on profit or loss		Effect on other comprehensive income
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	1,829	\$ -
EUR:NTD	1%		2,507	-
RMB:NTD	1%		937	-
<u>Non-monetary items</u>				
USD:NTD	1%		-	38,986
EUR:NTD	1%		-	3,255
PLN:NTD	1%		-	5,408
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	\$	199	\$ -
EUR:NTD	1%		8,056	



(Foreign currency: functional currency)	Year ended December 31, 2022		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,422	\$ -
EUR:NTD	1%	991	-
RMB:NTD	1%	677	-
<u>Non-monetary items</u>			
USD:NTD	1%	-	35,397
EUR:NTD	1%	-	2,774
PLN:NTD	1%	-	4,911
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 248	\$ -
EUR:NTD	1%	749	-

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to \$594 and \$36,033, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Company adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

- iv. The Company adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
- v. The Company classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31 ~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>					
Expected loss rate	0.16%~2.91%	0.52%~8.50%	1.3%~8.50%	100%	
Total book value	\$ 266,146	\$ 32,804	\$ 16,875	\$ -	\$ 315,825
Loss allowance	1,031	1,763	1,239	-	4,033
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31 ~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	0.12%~0.16%	0.52%~1.26%	1.3%~1.93%	100%	
Total book value	\$ 158,285	\$ 34,614	\$32,274	\$ 8,241	\$ 233,414
Loss allowance	206	378	586	8,241	9,411

- vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>
At January 1	\$ 9,411
Reversal of impairment loss	( 5,378)
At December 31	<u>\$ 4,033</u>
	<u>2022</u>
At January 1	\$ 1,000
Provision for impairment	<u>8,411</u>
At December 31	<u>\$ 9,411</u>

(c) Liquidity risk

- i. The cash flow forecast is prepared by the Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

- ii. As of December 31, 2023 and 2022, the cash flows within 1 year of short-term borrowings, notes payable, accounts payable and other payables all are past due within 1 year and discounted, and are in agreement with the balance of each account in the balance sheets.
- iii. The table below analyses the Company's derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows. There is no such situation as of December 31, 2023.

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
December 31, 2022					
<u>Non-derivative financial liabilities:</u>					
Bonds payable	\$ 300,000	\$ -	\$ -	\$ -	\$ -

### (3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment stocks in open market is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in forward foreign exchange contracts and corporate bonds payable - call option is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Company's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable and other payables (including related parties) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 is as follows:

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

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 528	\$ 528
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 7,600	\$ -	\$ 7,600
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 280	\$ 280

(b) The methods and assumptions the Company used to measure fair value are as follows:

- i. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1.
- ii. The estimated fair value of forward foreign exchange contracts and corporate bonds

payable – call option is all included in level 2, which is evaluated based on the current forward exchange rate and yield.

- iii. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

D. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2023</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ 528	Market comparable companies	Discount for lack of marketability	0.26	The higher the discount for lack of marketability, the lower the fair value

	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ 280	Market comparable companies	Discount for lack of marketability	0.30	The higher the discount for lack of marketability, the lower the fair value

E. The Company has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 5	(\$ 5)	\$ -	\$ -

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 6	(\$ 6)	\$ -	\$ -

### 13. Supplementary Disclosures

#### (1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: Refer to table 4.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China) : Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1) H.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. Segment Information

Not applicable.

Iron Force Industrial Corporation

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. ( Note 1 )	Creditor	Borrower	General ledger account ( Note 2 )	Is a related party	Maximum outstanding balance during the year ended December 31, 2023	Balance at December 31, 2023	Actual amount drawn down	Interest rate	Nature of loan ( Note 3 )	Amount of transactions with the borrower (Note 4)	Reason for short-term financing (Note 5)	Collateral		Allowance for doubtful accounts	Limit on loans granted to a single party		Ceiling on total loans granted ( Note 6 )	Footnote
												Item	Value		( Note 6 )	( Note 6 )		
0	Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	\$ 104,160	\$ 101,910	\$ -	EURIBOR 12 months	2	\$ -	Working capital			\$ -	None	-	\$ 436,357	\$ 1,745,428
1	Huzhou Iron Force Metal Products Co., Ltd	Zhejiang Iron Force Metal Products Co., Ltd	Other receivables due from related parties	Y	133,320	129,780	30,282	4.75%	2	-	Working capital	-	None	-		1,879,590	3,759,181	
1	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	1,041,600	1,019,100	679,400	0.65%	2	-	Working capital	-	None	-		1,879,590	3,759,181	
1	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	69,440	67,940	33,970	0.65%	2	-	Working capital	-	None	-		1,879,590	3,759,181	
2	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Other receivables due from related parties	Y	121,520	118,895	74,734	EURIBOR 12 months	2	-	Working capital	-	None	-		161,269	322,537	
3	Transtat Investment Ltd.	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	18,485	17,490	17,490	0.00%	2	-	Working capital	-	None	-		1,955,383	3,910,767	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: Fill in the name of account in which the loans are recognised, such as receivables related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the nature of the loan as follows:

(1) Fill in 1 for business transactions.

(2) Fill in 2 for short-term financing.

Note 4: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 5: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 6 : The calculation method for limit on loans is as follow:

(1)The ceiling on total loans granted by the Company to others shall not exceed 40% of the Company's net assets. For the companies having business relationship with the Company, ceiling on total loans granted shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, ceiling on total loans granted shall not exceed 30% of the Company's net assets.

(2)The limit on loans granted by the Company to a single party who has business relationship with the Company shall not exceed the higher of 30% of the business transaction amount between the borrower and the Company in the most recent year or 120% of the business transaction amount in the most recent three months, and shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, limit on total loans granted to a single party shall not exceed 10% of the Company's net assets.

(3) For loans granted between foreign companies whose voting rights are 100% held directly and indirectly by the Company or granted to the borrower by the foreign company whose voting rights are 100% held directly and indirectly by the Company, the ceiling on total loans granted shall not exceed 100% of the creditor's net assets; limit on loans granted to a single party shall not exceed 50% of the creditor's net assets. The financing period depends on the borrower's capital needs, but it shall not exceed five years.

(4) The limit on loans to a single party by the subsidiary is 50% of its net assets, and ceiling on total loans granted is 100% of its net assets.



Iron Force Industrial Corporation  
Provision of endorsements and guarantees to others  
Year ended December 31, 2023

Table 2

Expressed in thousands of NTD  
(Except as otherwise indicated)

No.	Endorser/guarantor	Party being endorsed/ guaranteed	Relationship	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements /guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/guarantor	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
(Note 1)		Company name	(Note 2)	(Note 3)	(Note 4)	(Note 5)	(Note 6)				(Note 7)	(Note 7)	(Note 7)	
0	Iron Force Industrial Co., Ltd.	Huzhou Iron Force Metal Products Co., Ltd	2	\$ 1,090,893	\$ 227,010	\$ 214,795	\$ -	\$ -	5%	\$ 2,181,785	Y	N	Y	Notes 3(1) and (2)
1	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	4	161,269	58,218	56,961	32,698	-	1%	322,537	N	N	N	Note 3(3)
2	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	2	1,879,590	888,800	865,200	-	-	20%	3,759,181	N	Y	N	Note 3(3)

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1)The Company is '0'.
- (2)The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

- (1)Having business relationship.
- (2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
- (3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.
- (4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.
- (5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.
- (6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
- (7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor the Group's Procedures for Provision of Endorsements and Guarantees are as follows.

- (1) The ceiling on total amount of endorsements/guarantees shall not exceed 50% of the Company's net assets.
- (2) The limit on endorsements and guarantees provided for a single party shall not exceed 25% of the Company's net assets:
  - (2.1) For the companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount is the total value of purchases, sales and other business transactions during the most recent year and shall not exceed 10% of the Company's net assets.
  - (2.2) For the companies having parent-subsidary relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount shall not exceed 10% of the Company's net assets. However, for the companies which the Company holds 100% of the voting rights directly or indirectly, endorsements and guarantees is not limited.
- (3) The limit on endorsements and guarantees provided to a single party by the subsidiary is 50% of its net assets, and ceiling on total endorsements and guarantees provided is 100% of its net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Iron Force Industrial Corporation

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Iron Force Industrial Co., Ltd.	Stock / MKD Technology Inc	-	Financial assets at fair value through profit or loss - current	400,000	\$ 528	1%	\$ 528	-
Huzhou Iron Force Metal Products Co., Ltd	Beneficiary certificates	-	Financial assets at fair value through profit or loss - current	-	259,943	-	259,943	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Iron Force Industrial Corporation

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Notes 3 and 5)				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal (Note 6)	Number of shares	Amount
Huzhou Iron Force Metal Products Co., Ltd	RMB Structured deposits	Financial assets at fair value through profit or loss - current	-	-	-	\$ 667,161	-	\$ 1,551,003	-	\$ 2,218,164	\$ 2,218,164	\$ -	-	\$ -

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The difference between sales price and book value plus gain (loss) on disposal is the transaction fee and tax.

Note 6: The investment is recorded under financial assets at fair value through profit or loss, and gains (losses) on valuation are recognised quarterly.

Note 7: The amount at the beginning of the period includes gains (losses) on valuation of the previous period, the addition in the current period is the amount of purchase cost, and the amount at the end of the period includes gains (losses) on valuation in the current period.

Table 5

Iron Force Industrial Corporation  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more '  
 Year ended December 31, 2023

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amoun	Action taken		
Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	Parent company	Other receivables   \$       681,351	N/A	\$                   -	-	\$                   -	\$                   -

Iron Force Industrial Corporation

Information on investees

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (in thousands)	Ownership (%)	Book value			
Iron Force Industrial Co., Ltd.	Transtat Investment Ltd.	Hong Kong	Holding company	\$ 873,960	\$ 873,960	25,997	100%	\$ 3,898,595	\$ 441,526	\$ 441,526	
Iron Force Industrial Co., Ltd.	Cortec GmbH	Germany	Sales and purchases of hangers and display fixtures	27,104	27,104	750	100%	325,496	37,212	37,212	
Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Poland	Producing and sales of automotive safety components	658,901	658,901	1,600	100%	540,827	( 6,137)	( 6,137)	
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Germany	Producing and sales and purchases of hangers and display fixtures	889	889	-	100%	( 5,871)	22,510	22,510	
Cortec GmbH	Cortec Verwaltungs GmbH	Germany	Management consulting company	881	881	-	100%	914	16	16	

Note 1: If a public company is equipped with an overseas holding company and takes parent company only financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Iron Force Industrial Corporation

Information on investments in Mainland China

Year ended December 31, 2023

Expressed in thousands of NTD

(Except as otherwise indicated)

Table 7

Investee in Mainland China	Main business activities	Paid-in capital (Note 4)	Investment method (Note 1)	Taiwan to Mainland China/Amount remitted back			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers, display fixtures and metal fixture	\$ 153,425	(2)		\$ 143,346	\$ -	\$ -		\$ 143,346	\$ 17,067	100%	\$ 17,067	\$ 134,141	\$ -		
Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	1,321,296	(2)		703,149	-	-		703,149	415,807	100%	415,807	3,759,181	266,036	(Note 5)	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Iron Force Industrial Co., Ltd.	\$ 846,495	\$ 846,495	\$ 2,618,142

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Investing through Transtat Investment Ltd., an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) was recognised based on the financial reports audited by the parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: (1) The differences between the paid-in capital of Zhejiang Iron Force Metal Products Co., Ltd. amounting to US\$5,000 thousand and the accumulated amount of remittance from Taiwan amounting to US\$4,734 thousand is US\$266 thousand. This resulted from using dividends distribution of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$400 thousand as the capital contribution to invest in Zhejiang Iron Force Metal Products Co., Ltd. and purchasing shares from the related parties at a premium price of US\$ 134 thousand.

- (2) The differences between the paid-in capital of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$43,060 thousand and the accumulated amount of remittance from Taiwan amounting to US\$22,200 thousand is US\$20,860 thousand. This resulted from purchasing shares from the related parties at a premium price of US\$1,140 thousand and the capital increase out of earnings of Huzhou Iron Force Metal Products Co., Ltd. in 2019 and 2021 in the amount of US\$22,000 thousand.

Note 5: As of December 31, 2022, the accumulated amount of investment income remitted back to Taiwan by Huzhou Iron Force Metal Products Co., Ltd. amounted to US\$8,625 thousand.

Iron Force Industrial Corporation  
Major shareholders information  
December 31, 2023

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
MengChing Investment Co., Ltd.	19,386,486	25.58%
Zhengyu Investment Co., Ltd.	4,942,980	6.52%

**IRON FORCE INDUSTRIAL CO., LTD. AND  
SUBSIDIARIES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**  
**DECEMBER 31, 2023 AND 2022**

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For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.



## INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Iron Force Industrial Co., Ltd.

### ***Opinion***

We have audited the accompanying consolidated balance sheets of Iron Force Industrial Co., Ltd. and its 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 significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as 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 Auditing and Attestation of Financial Statements by 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Key audit matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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:

### **Appropriateness of cut-off of warehouse operating revenue**

#### Description

Refer to Note 4(27) for accounting policies on revenue recognition.

To meet the needs of some customers, the Auto Parts Division of the Group stores certain inventories in the customers' distribution warehouses. The warehouse custodians are responsible for checking and accepting as well as custody of the inventories, and regularly send the requisition reports to the authorised personnel of the Group for checking inventory quantities. In accordance with the principle of revenue recognition, sales are recognised as revenue when the inventories are actually requested and used by the customer. The Group recognises revenue based on the requisition reports provided by the warehouse custodians of the Group and customers and verified by authorised personnel of the Group.

The distribution warehouses are located in the United States, Germany and China, contents of requisition reports provided by custodians are different and the process of revenue recognition involves manual verification. Thus, in consideration of the appropriateness of the timing of revenue recognition from warehouse sales, we considered the cut-off of warehouse operating revenue as a key audit matter for this year's audit.

#### How our audit addressed the matter

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

1. For the above revenue transactions, obtained an understanding of the sales transactions, amount and terms of mutual agreements, and selected samples and tested the reconciliation of sales records between both parties.
2. Obtained the requisition reports provided by the warehouse custodians during a certain period before and after the balance sheet date and verified the reports against the relevant invoices issued and the sales revenue on the accounting records.
3. Performed confirmation procedures based on the balance of inventory quantities at the end of the year.

### ***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 judgment 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.

Chen, Ching Chang

Lin, Yi-Fan

For and on behalf of PricewaterhouseCoopers, Taiwan

March 7, 2024

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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.

**IRON FORCE 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)	\$ 1,406,535	23	\$ 1,055,079	17
1110	Financial assets at fair value through	6(2)				
	profit or loss - current		264,862	4	670,199	11
1150	Notes receivable, net		11	-	11	-
1170	Accounts receivable, net	6(3)	1,241,098	20	1,124,281	19
1200	Other receivables, net		25,976	1	38,290	1
130X	Inventories	6(4)	1,003,945	16	1,058,317	17
1410	Prepayments		47,134	1	57,776	1
1479	Other current assets		8,219	-	10,179	-
11XX	Total current assets		3,997,780	65	4,014,132	66
Non-current assets						
1600	Property, plant and equipment	6(5) and 8	1,852,823	30	1,827,663	30
1755	Right-of-use assets	6(6)	61,291	1	61,332	1
1780	Intangible assets		34,747	1	26,696	-
1840	Deferred tax assets	6(19)	76,788	1	71,450	1
1900	Other non-current assets	6(7)	111,935	2	111,354	2
15XX	Total non-current assets		2,137,584	35	2,098,495	34
1XXX	Total assets		\$ 6,135,364	100	\$ 6,112,627	100

(Continued)

**IRON FORCE 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						
2100	Short-term borrowings	6(8)	\$ 382,000	6	\$ 484,000	8
2120	Current financial liabilities at fair value through profit or loss	6(2)	7,600	-	-	-
2130	Current contract liabilities	6(16)	2,053	-	892	-
2170	Accounts payable		309,738	5	249,417	4
2200	Other payables	6(9)	339,644	6	300,645	5
2230	Current income tax liabilities		76,086	1	54,562	1
2280	Current lease liabilities		1,450	-	728	-
2320	Long-term liabilities, current portion	6(10)(11)	6,123	-	303,409	5
2399	Other current liabilities		6,234	-	20,814	-
21XX	Total current liabilities		1,130,928	18	1,414,467	23
Non-current liabilities						
2540	Long-term loans	6(11)	31,638	1	25,890	-
2570	Deferred tax liabilities	6(19)	558,474	9	463,912	8
2580	Non-current lease liabilities		2,673	-	768	-
2600	Other non-current liabilities	6(12)	48,081	1	43,804	1
25XX	Total non-current liabilities		640,866	11	534,374	9
2XXX	Total liabilities		1,771,794	29	1,948,841	32
Equity attributable to owners of parent						
	Share capital	6(13)				
3110	Common stock		757,803	12	757,803	12
	Capital surplus	6(14)				
3200	Capital surplus		813,473	13	813,473	13
	Retained earnings	6(15)				
3310	Legal reserve		714,295	12	668,091	11
3320	Special reserve		325,899	5	383,506	6
3350	Unappropriated retained earnings		2,083,825	34	1,866,812	31
	Other equity interest					
3400	Other equity interest		( 331,725)	( 5)	( 325,899)	( 5)
3XXX	Total equity		4,363,570	71	4,163,786	68
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	Total liabilities and equity		\$ 6,135,364	100	\$ 6,112,627	100

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

**IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	Year ended December 31			
			2023		2022	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(16)	\$ 4,894,258	100	\$ 4,373,785	100
5000	Operating costs	6(4)(17)	( 3,681,197)	( 75)	( 3,237,540)	( 74)
5900	Gross profit		<u>1,213,061</u>	<u>25</u>	<u>1,136,245</u>	<u>26</u>
	Operating expenses	6(17)				
6100	Selling expenses		( 144,474)	( 3)	( 172,868)	( 4)
6200	General and administrative expenses		( 366,533)	( 8)	( 334,323)	( 8)
6300	Research and development expenses		( 153,779)	( 3)	( 162,150)	( 4)
6450	Reversal of impairment loss determined in accordance with IFRS 9 (Expected credit impairment loss)	12(2)	<u>12,604</u>	<u>-</u>	<u>( 16,308)</u>	<u>-</u>
6000	Total operating expenses		<u>( 652,182)</u>	<u>( 14)</u>	<u>( 685,649)</u>	<u>( 16)</u>
6900	Operating profit		<u>560,879</u>	<u>11</u>	<u>450,596</u>	<u>10</u>
	Non-operating income and expenses					
7100	Interest income		31,988	1	18,473	1
7010	Other income	7	336	-	336	-
7020	Other gains and losses	6(18) and 7	121,941	2	144,644	3
7050	Finance costs		( 10,115)	-	( 8,392)	-
7000	Total non-operating income and expenses		<u>144,150</u>	<u>3</u>	<u>155,061</u>	<u>4</u>
7900	<b>Profit before tax</b>		<u>705,029</u>	<u>14</u>	<u>605,657</u>	<u>14</u>
7950	Income tax expense	6(19)	( 191,212)	( 4)	( 153,067)	( 4)
8200	<b>Profit for the year</b>		<u>\$ 513,817</u>	<u>10</u>	<u>\$ 452,590</u>	<u>10</u>
	<b>Other comprehensive income</b>					
	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311	(Losses) Gains on remeasurements of defined benefit plan	6(12)	( \$ 6,358)	-	\$ 11,818	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	1,272	-	( 2,364)	-
	<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361	Financial statements translation differences of foreign operations		( 7,283)	-	72,009	2
8399	Income tax relating to the components of other comprehensive income	6(19)	<u>1,457</u>	<u>-</u>	<u>( 14,403)</u>	<u>-</u>
8300	<b>Other comprehensive income (loss) for the year</b>		<u>( \$ 10,912)</u>	<u>-</u>	<u>\$ 67,060</u>	<u>2</u>
8500	<b>Total comprehensive income for the year</b>		<u>\$ 502,905</u>	<u>10</u>	<u>\$ 519,650</u>	<u>12</u>
	Profit attributable to:					
8610	Owners of the parent		<u>\$ 513,817</u>	<u>10</u>	<u>\$ 452,590</u>	<u>10</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 502,905</u>	<u>10</u>	<u>\$ 519,650</u>	<u>12</u>
	Earnings per share (in dollars)	6(20)				
9750	Basic earnings per share		<u>\$ 6.78</u>		<u>\$ 5.97</u>	
9850	Diluted earnings per share		<u>\$ 6.77</u>		<u>\$ 5.76</u>	

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



IRON FORCE 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)

	Notes	Equity attributable to owners of the parent					Financial statements translation differences of foreign operations	Total equity
		Share capital- common stock	Total capital surplus, additional paid-in capital	Legal reserve	Special reserve	Unappropriated retained earnings		
<u>Year ended December 31, 2022</u>								
Balance at January 1, 2022		\$ 757,803	\$ 813,473	\$ 644,117	\$ 337,333	\$ 1,626,476	( \$ 383,505)	\$ 3,795,697
Profit for the year		-	-	-	-	452,590	-	452,590
Other comprehensive income for the year		-	-	-	-	9,454	57,606	67,060
Total comprehensive income		-	-	-	-	462,044	57,606	519,650
Appropriations of 2021 earnings	6(15)							
Legal reserve		-	-	23,974	-	( 23,974 )	-	-
Special reserve		-	-	-	46,173	( 46,173 )	-	-
Cash dividends		-	-	-	-	( 151,561 )	-	( 151,561 )
Balance at December 31, 2022		\$ 757,803	\$ 813,473	\$ 668,091	\$ 383,506	\$ 1,866,812	( \$ 325,899)	\$ 4,163,786
<u>Year ended December 31, 2023</u>								
Balance at January 1, 2023		\$ 757,803	\$ 813,473	\$ 668,091	\$ 383,506	\$ 1,866,812	( \$ 325,899 )	\$ 4,163,786
Profit for the year		-	-	-	-	513,817	-	513,817
Other comprehensive loss for the year		-	-	-	-	( 5,086 )	( 5,826 )	( 10,912 )
Total comprehensive income (loss)		-	-	-	-	508,731	( 5,826 )	502,905
Appropriations of 2022 earnings	6(15)							
Legal reserve		-	-	46,204	-	( 46,204 )	-	-
Special reserve		-	-	-	( 57,607)	57,607	-	-
Cash dividends		-	-	-	-	( 303,121 )	-	( 303,121 )
Balance at December 31, 2023		\$ 757,803	\$ 813,473	\$ 714,295	\$ 325,899	\$ 2,083,825	( \$ 331,725)	\$ 4,363,570

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

**IRON FORCE 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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		\$ 705,029	\$ 605,657
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment (gain)loss	12(2)	( 12,604 )	16,308
Depreciation	6(5)(6)(17)	193,491	207,615
Amortization	6(17)	12,856	9,897
Interest income	(	31,988 )	( 18,473 )
Loss on disposal of property, plant and equipment	6(18)	3,253	2,452
Loss (gain) on financial assets and liabilities at fair value through profit or loss	6(2)(18)	3,483	( 26,322 )
Interest expense		10,115	8,392
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		401,854	( 118,011 )
Notes receivable		-	( 11 )
Accounts receivable	(	104,213 )	( 322,856 )
Other receivables		12,314	( 13,773 )
Inventories		54,372	( 234,106 )
Prepayments		10,642	( 4,140 )
Other current assets		1,966	2,716
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		7,600	-
Current contract liabilities		1,161	( 10,125 )
Accounts payable		60,321	93,547
Other payables		35,926	24,665
Other current liabilities	(	14,580 )	( 2,669 )
Other non-current liabilities	(	2,081 )	( 9,138 )
Cash inflow generated from operations		1,348,917	216,963
Interest received		31,988	18,473
Income tax paid	(	77,741 )	( 34,112 )
Interest paid	(	10,115 )	( 4,741 )
Net cash flows from operating activities		1,293,049	196,583
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment	6(21)	( 198,688 )	( 148,651 )
Proceeds from disposal of property, plant and equipment		1,898	1,126
Increase in other non-current assets	(	11,682 )	( 15,326 )
Net cash flows used in investing activities	(	208,472 )	( 162,851 )
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Decrease) increase in short-term loan	6(22)	( 102,000 )	84,000
Payments of lease liabilities	6(22)	( 1,126 )	( 770 )
Repayments of long-term debt	6(22)	( 5,881 )	( 3,849 )
Proceeds from long-term debt	6(22)	12,509	-
Repayments of bonds	6(22)	( 300,000 )	-
Payments of cash dividends	6(15)	( 303,121 )	( 151,561 )
Net cash flows used in financing activities	(	699,619 )	( 72,180 )
Effect of exchange rate changes on cash and cash equivalents	(	33,502 )	( 59,736 )
Net increase in cash and cash equivalents		351,456	21,288
Cash and cash equivalents at beginning of year		1,055,079	1,033,791
Cash and cash equivalents at end of year		\$ 1,406,535	\$ 1,055,079

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

IRON FORCE INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organisation

Iron Force Industrial Co., Ltd. (the “Company”) was incorporated in April 1977 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) and listed on the Taiwan Stock Exchange on November 25, 2013. The Company is primarily engaged in manufacturing and trading of airbag inflators for automotive safety systems and high precision metal tubes for seatbelt retractor/pre-tensioner systems, and trading of display fixtures and other metal parts.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 7, 2024.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS<sup>®</sup>”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

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

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

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 - comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

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

4. Summary of Significant Accounting Policies

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International

Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
  - (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
  - (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

- A. Basis for preparation of consolidated financial statements:
  - (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
  - (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
The Company	Transtat Investment Ltd. (Transtat)	Holding company	100%	100%	-
The Company	Cortec GmbH	Sales of hangers and display fixtures	100%	100%	-
The Company	Iron Force Poland Sp. z o.o.	Producing and sales of automotive safety components	100%	100%	-
Transtat	Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers and display fixtures	100%	100%	-
Transtat	Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	100%	100%	-
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Producing and sales of hangers and display fixtures	100%	100%	-
Cortec GmbH	Cortec Verwaltungs GmbH	Management consulting company	100%	100%	-

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

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

E. Significant restrictions: None.

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

#### (4) Foreign currency translation

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

#### A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.
- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

#### B. Translation of foreign operations

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

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

#### (5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet

date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;
- (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

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

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value and recognises the gain or loss in profit or loss.

(8) Accounts receivable

- A. Accounts receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For financial assets at amortised cost including accounts receivable, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On



the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

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

(12) Property, plant and equipment

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

Buildings and structures	20~56 years
Machinery and equipment	2~10 years
Office equipment	3~10 years
Others	1~20 years

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

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payment, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability;
- (b) Any lease payments made at or before the commencement date;
- (c) Any initial direct costs incurred by the lessee; and

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1~3 years.

B. Goodwill

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

(15) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill is evaluated periodically. An impairment loss is recognised

for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

- C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(16) Borrowings

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

(17) Financial liabilities at fair value through profit or loss

- A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(18) Notes and accounts payable

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

(19) Convertible bonds payable

Convertible bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares) and call options. The Group classifies the bonds payable upon issuance as a financial asset or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options are recognised initially at net fair value as 'financial assets at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on the balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the

amount of financial assets at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and 'financial assets at fair value through profit or loss') shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and 'capital surplus—share options'.

(20) Derecognition of financial liabilities

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

(21) Non-hedging derivatives

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

(22) Provisions

Provisions (including onerous contracts) are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

For defined contribution plan, the contributions are recognised as pension expense when they

are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plan

- i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).
- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.
- iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

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

D. Employees' compensation and directors' remuneration

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

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively

enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

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

(27) Revenue recognition

Sales of goods

A. The Group manufactures and sells automotive safety components, display fixtures and other metal parts. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

- B. Revenue from sales of automotive safety components, display fixtures and other metal parts is recognised based on the price specified in the contract, net of sales returns, volume discounts and sales discounts. The sales usually are made with a credit term of 90 days. As the time interval between the transfer of committed goods or services and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.
- C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognised as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

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

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

None.

(2) Critical accounting estimates and assumptions

None.

## 6. Details of Significant Accounts

### (1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Petty cash and cash on hand	\$ 245	\$ 278
Checking accounts and demand deposits	1,130,453	763,477
Time deposits	166,851	174,084
Short-term notes and bills	108,986	117,240
	<u>\$ 1,406,535</u>	<u>\$ 1,055,079</u>

A. As of December 31, 2023 and 2022, the annual interest rate of cash equivalents was 0.2%~4.08% and 0.83%~4.92%, respectively, and the cash equivalents were highly liquid investments expiring within three months such as time deposits and short-term notes and bills.

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

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

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

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	\$ 259,595	\$ -
Unlisted stocks	12,000	12,000
Structured deposits	-	661,817
Forward foreign exchange contracts	4,391	2,757
Valuation adjustment	( 11,124)	( 6,375)
	<u>\$ 264,862</u>	<u>\$ 670,199</u>

Current items:

Financial liabilities mandatorily measured at fair value through profit or loss

Forward foreign exchange contracts	<u>\$ 7,600</u>	<u>\$ -</u>
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A. Amounts recognised in profit or loss in relation to financial assets and liabilities at fair value through profit or loss are listed below:

	<u>Year ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets mandatorily measured at fair value through profit or loss		
Unlisted stocks	\$ 248	(\$ 1,004)
Beneficiary certificates	353	-
Structured deposits	9,933	19,961
Forward foreign exchange contracts	( 14,017)	7,365
	<u>(\$ 3,483)</u>	<u>\$ 26,322</u>



B. Details of the transactions and contract information in respect of the Company's derivative financial assets and liabilities which were not accounted for under hedge accounting are as follows:

	December 31, 2023		
	Contract amount (notional principal)		
Financial instruments	(in dollars)		Contract period
Forward foreign exchange contracts-pre-sale	EUR	4,000,000	2023/07/25~2024/07/18
Forward foreign exchange contracts-pre-sale	EUR	7,600,000	2023/07/25~2024/07/18
Forward foreign exchange contracts-pre-sale	EUR	8,400,000	2023/07/25~2024/07/18
Forward foreign exchange contracts-pre-sale	EUR	18,000,000	2023/12/28~2024/07/18
	December 31, 2022		
	Contract amount (notional principal)		
Financial instruments	(in dollars)		Contract period
Forward foreign exchange contracts-pre-sale	USD	2,000,000	2022/09/29~2023/1/11
Forward foreign exchange contracts-pre-sale	USD	2,000,000	2022/09/30~2023/1/11
Structured deposits	RMB	50,000,000	2022/09/14~2023/1/13
Structured deposits	RMB	75,000,000	2022/10/11~2023/1/13
Structured deposits	RMB	25,000,000	2022/10/11~2023/1/13

(a) The Group entered into forward foreign exchange contracts to hedge exchange rate risk of export proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) The structured instruments signed by the Group are principal-protected floating-income transactions to obtain exchange rate spreads.

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

(3) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	\$ 1,250,057	\$ 1,145,844
Less: Allowance for uncollectible accounts	( 8,959)	( 21,563)
	<u>\$ 1,241,098</u>	<u>\$ 1,124,281</u>

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Not past due	\$ 1,156,805	\$ 973,180
Up to 30 days	63,335	84,545
31 to 90 days	28,122	73,105
91 to 180 days	1,739	14,731
Over 181 days	<u>56</u>	<u>283</u>
	<u>\$ 1,250,057</u>	<u>\$ 1,145,844</u>

The above ageing analysis was based on past due date.

B. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of accounts receivable from contracts with customers amounted to \$1,250,057, \$1,145,844, and \$822,988, respectively.

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

(4) Inventories

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 420,407	(\$ 13,202)	\$ 407,205
Work in progress	85,464	( 11,227)	74,237
Finished goods	476,554	( 11,089)	465,465
Merchandise	<u>76,455</u>	<u>( 19,417)</u>	<u>57,038</u>
	<u>\$ 1,058,880</u>	<u>(\$ 54,935)</u>	<u>\$ 1,003,945</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Allowance for valuation loss</u>	<u>Book value</u>
Raw materials	\$ 383,995	(\$ 12,680)	\$ 371,315
Work in progress	81,513	( 10,740)	70,773
Finished goods	552,255	( 9,051)	543,204
Merchandise	<u>93,010</u>	<u>( 19,985)</u>	<u>73,025</u>
	<u>\$ 1,110,773</u>	<u>(\$ 52,456)</u>	<u>\$ 1,058,317</u>

The cost of inventories recognized as expense for the year:

	For the years ended December 31	
	2023	2022
Cost of goods sold	\$ 3,678,718	\$ 3,230,246
Loss on decline in market value	2,479	7,294
	<u>\$ 3,681,197</u>	<u>\$ 3,237,540</u>

(5) Property, plant and equipment

		Buildings and	Machinery and	Office		Construction	
	Land	structures	equipment	equipment	Others	in progress	Total
<u>Balance at January 1, 2023</u>							
Cost	\$ 144,820	\$ 1,359,566	\$ 1,579,609	\$ 96,219	\$ 67,347	\$ 47,010	\$ 3,294,571
Accumulated depreciation	- ( 359,034)	( 979,975)	( 73,930)	( 44,617)	-	( 1,457,556)	
Accumulated impairment	-	-	( 9,352)	-	-	-	( 9,352)
	<u>\$ 144,820</u>	<u>\$ 1,000,532</u>	<u>\$ 590,282</u>	<u>\$ 22,289</u>	<u>\$ 22,730</u>	<u>\$ 47,010</u>	<u>\$ 1,827,663</u>
Balance at January 1, 2023	\$ 144,820	\$ 1,000,532	\$ 590,282	\$ 22,289	\$ 22,730	\$ 47,010	\$ 1,827,663
Additions	-	1,671	96,746	8,034	629	85,611	192,691
Disposals	- ( 36)	( 4,390)	( 124)	( 555)	( 46)	( 5,151)	
Reclassifications	-	705	61,310	( 132)	( 99)	( 61,635)	149
Depreciation charge	- ( 40,129)	( 135,461)	( 8,832)	( 6,412)	-	( 190,834)	
Net exchange differences	4,346	16,655	5,875	161	264	1,004	28,305
Balance at December 31, 2023	<u>\$ 149,166</u>	<u>\$ 979,398</u>	<u>\$ 614,362</u>	<u>\$ 21,396</u>	<u>\$ 16,557</u>	<u>\$ 71,944</u>	<u>\$ 1,852,823</u>
<u>Balance at December 31, 2023</u>							
Cost	\$ 149,166	\$ 1,377,820	\$ 1,642,159	\$ 102,037	\$ 58,883	\$ 71,944	\$ 3,402,009
Accumulated depreciation	- ( 398,422)	( 1,018,627)	( 80,641)	( 42,326)	-	( 1,540,016)	
Accumulated impairment	-	-	( 9,170)	-	-	-	( 9,170)
	<u>\$ 149,166</u>	<u>\$ 979,398</u>	<u>\$ 614,362</u>	<u>\$ 21,396</u>	<u>\$ 16,557</u>	<u>\$ 71,944</u>	<u>\$ 1,852,823</u>

	Land	Buildings and structures	Machinery and equipment	Office equipment	Others	Construction in progress	Total
<u>Balance at January 1, 2022</u>							
Cost	\$ 143,323	\$ 1,344,777	\$ 1,501,081	\$ 98,814	\$ 26,796	\$ 75,647	\$ 3,190,438
Accumulated depreciation	- (	312,473)	( 898,631)	( 69,463)	( 15,315)	-	( 1,295,882)
Accumulated impairment	-	-	( 9,208)	-	-	-	( 9,208)
	<u>\$ 143,323</u>	<u>\$ 1,032,304</u>	<u>\$ 593,242</u>	<u>\$ 29,351</u>	<u>\$ 11,481</u>	<u>\$ 75,647</u>	<u>\$ 1,885,348</u>
Balance at January 1, 2022	\$ 143,323	\$ 1,032,304	\$ 593,242	\$ 29,351	\$ 11,481	\$ 75,647	\$ 1,885,348
Additions	-	823	66,672	3,444	8,295	48,006	127,240
Disposals	-	-	( 1,426)	( 72)	( 20)	( 2,060)	( 3,578)
Reclassifications	-	( 6,712)	70,179	( 1,499)	9,999	( 75,796)	( 3,829)
Depreciation charge	-	( 41,047)	( 147,499)	( 9,557)	( 7,138)	-	( 205,241)
Net exchange differences	1,497	15,164	9,114	622	113	1,213	27,723
Balance at December 31, 2022	<u>\$ 144,820</u>	<u>\$ 1,000,532</u>	<u>\$ 590,282</u>	<u>\$ 22,289</u>	<u>\$ 22,730</u>	<u>\$ 47,010</u>	<u>\$ 1,827,663</u>
<u>Balance at December 31, 2022</u>							
Cost	\$ 144,820	\$ 1,359,566	\$ 1,579,609	\$ 96,219	\$ 67,347	\$ 47,010	\$ 3,294,571
Accumulated depreciation	-	( 359,034)	( 979,975)	( 73,930)	( 44,617)	-	( 1,457,556)
Accumulated impairment	-	-	( 9,352)	-	-	-	( 9,352)
	<u>\$ 144,820</u>	<u>\$ 1,000,532</u>	<u>\$ 590,282</u>	<u>\$ 22,289</u>	<u>\$ 22,730</u>	<u>\$ 47,010</u>	<u>\$ 1,827,663</u>

Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(6) Lease agreements - lessee

- A. The Group's leases include land, transportation equipment and office equipment. Rental contracts are typically made for periods of 1 to 50 years. The lease contract is negotiated individually and contains various terms and conditions. Except for the leased assets which cannot be used as security for borrowing purposes, there are no other restrictions on the lease.
- B. The carrying value of the right-of-use assets and the depreciation expense recognized were as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 57,168	\$ 59,836
Transportation equipment (Company vehicle)	3,768	947
Office equipment (Photocopier)	355	549
	<u>\$ 61,291</u>	<u>\$ 61,332</u>

	Years ended December 31,	
	2023	2022
	<u>Depreciation expenses</u>	<u>Depreciation expenses</u>
Land	\$ 1,528	\$ 1,603
Transportation equipment (Company vehicle)	916	613
Office equipment (Photocopier)	<u>213</u>	<u>158</u>
	<u>\$ 2,657</u>	<u>2,374</u>

C. The additions to right-of-use assets for the years ended December 31, 2023 and 2022 were \$3,676 and \$483, respectively.

D. The information of the profits and loss items that are related to lease contracts as follows:

	Years ended December 31,	
	2023	2022
<u>Items affecting current profit or loss</u>		
Interest expense on lease liability	\$ 24	\$ 17
Expense on short-term lease contracts	3,814	3,020
Expense on leases of low-value assets	182	183

E. The Group's total lease cash outflows were \$5,146 and \$3,990 for the years ended December 31, 2023 and 2022, respectively.

(7) Other non-current assets

	December 31, 2023	December 31, 2022
Prepaid equipment	\$ 99,842	\$ 90,143
Others	<u>12,093</u>	<u>21,211</u>
	<u>\$ 111,935</u>	<u>\$ 111,354</u>

(8) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 382,000</u>	1.53%	None
Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Unsecured borrowings	<u>\$ 484,000</u>	1.32~1.375%	None

Interest expense recognised in profit or loss amounted to \$5,934 and \$4,140 for the years ended December 31, 2023 and 2022, respectively.

(9) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Wages and salaries payable	\$ 184,778	\$ 176,339
Payable on machinery and equipment	28,908	25,206
Processing fees payable	19,987	11,641
Import / export expenses payable	5,267	6,129
Others	<u>100,704</u>	<u>81,330</u>
	<u>\$ 339,644</u>	<u>\$ 300,645</u>

(10) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ -	\$ 300,000
Less: Discount on bonds payable	- (	629)
Current portion or exercise of put options	<u>- (</u>	<u>299,371)</u>
	<u>\$ -</u>	<u>\$ -</u>

A. The terms of the second domestic unsecured convertible bonds issued by the Company in March 2020 are as follows:

Second unsecured convertible bonds	
Total issuance amount	\$300,000
Coupon rate	- %
Effective rate	1.23%
Issuance period	3 years
Expiry date	March 9, 2023
Collateral	None
Put option	None
Call option	(a) Redemption at maturity: The principal is payable upon maturity. (b) Redemption in advance: The Company may repurchase the bonds outstanding in cash at the bonds' face value within 30 consecutive trading days when the closing price of the Company's common shares is above the then conversion price by 30% (including 30%) for 30 consecutive trading days during the period from the date after three months of the bonds issue to 40 days before the maturity date; or the Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time when the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
Conversion price (in dollars per share)	95.95
Conversion period	Starting from the date after three months of the issuance to the maturity date
Converted amount	\$ -
Repurchased amount	\$ -

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to \$27,655 was separated from the liability component and was recognised in 'capital surplus–share options' in accordance with IAS 32. The call options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets at fair value through profit or loss' in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(11) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Loan Amortization				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, interest and principal are payable monthly	0.69% ~ 0.80%	Note 8	\$ 26,887
Secured borrowings	Borrowing period is from April 6, 2023 to March 1, 2029, interest and principal are payable monthly	3.96%	Note 8	\$ 10,874
Less: Current portion				( 6,123)
				<u>\$ 31,638</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Loan Amortization				
Secured borrowings	Borrowing period is from April 5, 2020 to April 30, 2030, interest and principal are payable monthly	0.69% ~ 0.80%	Note 8	\$ 29,928
Less: Current portion				( 4,038)
				<u>\$ 25,890</u>

(12) Pensions

- A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 3.5% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.



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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 57,027	\$ 51,967
Fair value of plan assets	( 21,510)	( 23,347)
Net defined benefit liability		
( shown as 'other non-current liabilities' )	<u>\$ 35,517</u>	<u>\$ 28,620</u>

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

	<u>Present value of defined benefit obligations</u>	<u>Fair value of plan assets</u>	<u>Net defined benefit liability</u>
<u>2023</u>			
At January 1	\$ 51,967	(\$ 23,347)	\$ 28,620
Current service cost	250	-	250
Interest expense (income)	<u>707</u>	<u>( 317)</u>	<u>390</u>
	<u>52,924</u>	<u>( 23,664)</u>	<u>29,260</u>
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	( 103)	( 103)
Change in demographic assumptions	489	-	489
Change in financial assumptions	5,591	-	5,591
Experience adjustments	<u>381</u>	<u>-</u>	<u>381</u>
	<u>6,461</u>	<u>( 103)</u>	<u>6,358</u>
Pension fund contribution	-	( 101)	( 101)
Paid pension	<u>( 2,358)</u>	<u>2,358</u>	<u>-</u>
At December 31	<u>\$ 57,027</u>	<u>(\$ 21,510)</u>	<u>\$ 35,517</u>

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>2022</u>			
At January 1	\$ 65,181	(\$ 25,211)	\$ 39,970
Current service cost	277	-	277
Interest expense (income)	<u>476</u>	<u>( 184)</u>	<u>292</u>
	<u>65,934</u>	<u>( 25,395)</u>	<u>40,539</u>
Remeasurements:			
Return on plan assets			
(excluding amounts included in interest income or expense)	-	( 1,907)	( 1,907)
Change in demographic assumptions	307	-	307
Change in financial assumptions	( 9,028)	-	( 9,028)
Experience adjustments	<u>( 1,190)</u>	<u>-</u>	<u>( 1,190)</u>
	<u>( 9,911)</u>	<u>( 1,907)</u>	<u>( 11,818)</u>
Pension fund contribution	-	( 101)	( 101)
Paid pension	<u>( 4,056)</u>	<u>4,056</u>	<u>-</u>
At December 31	<u>\$ 51,967</u>	<u>(\$ 23,347)</u>	<u>\$ 28,620</u>

- (d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

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

	Years ended December 31	
	2023	2022
Discount rate	1.24%	1.36%
Future salary increases	3.03%	2.19%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
<u>December 31, 2023</u>				
Effect on present value of defined benefit obligation	(\$ 3,079)	\$ 3,353	\$ 3,276	(\$ 3,042)
<u>December 31, 2022</u>				
Effect on present value of defined benefit obligation	(\$ 2,747)	\$ 3,166	\$ 3,123	(\$ 2,742)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2024 amount to \$100.

(g) As of December 31, 2023, the weighted average duration of the retirement plan is 11 years.

The analysis of timing of the future pension payment was as follows:

Within 1 year	\$ 36,137
1-2 year(s)	6,847
2-5 years	5,194
Over 5 years	1,862
	<u>\$ 50,040</u>

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on not lower than 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Other overseas entities contribute to the statutory pension insurance or pension fund for their employees based on their wages and salaries in compliance with local laws and regulations. Other than the annual contributions, the entities have no further obligations.

(c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were \$34,500 and \$32,361, respectively.

(13) Share capital

A. As of December 31, 2023, the Company’s authorised capital was \$1,300,000, consisting of 130,000 thousand shares of ordinary stock, and the paid-in capital was \$757,803 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company’s ordinary shares outstanding are as follows:

	<u>2023</u>	<u>2022</u>
At January 1 (at December 31)	<u>75,780 thousand share</u>	<u>75,780 thousand shares</u>

(14) Capital surplus

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

(15) Retained earnings/ Events after the balance sheet date

A. Under the Company’s Articles of Incorporation, the current year’s profit shall first be used to pay all taxes and offset prior years’ operating losses and then 10% of the remaining amount shall be set aside as legal reserve, if any, to be retained or to be appropriated which shall be resolved by the stockholders at the stockholders’ meeting.

B. The Company distributes dividends taking into consideration the Company’s economic environment, growth phases, future demands for funds, long-term financial planning and the cash flow needs of stockholders. Dividends distribution shall be resolved by the shareholders based on current year’s profit and capital position.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose.

The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

- D. The appropriations of 2022 and 2021 earnings as resolved at the shareholders' meeting on June 21, 2023 and on June 24, 2022, respectively, are as follows:

	Years ended December 31,			
	2022		2021	
	Dividends per share		Dividends per share	
	Amount	(in dollars)	Amount	(in dollars)
Legal reserve	\$ 46,204		\$ 23,974	
Special reserve	( 57,607)		46,173	
Cash dividends	<u>303,121</u>	\$ 4.00	<u>151,561</u>	\$ 2.00
	<u>\$ 291,718</u>		<u>\$ 221,708</u>	

- E. Events after the balance sheet date:

The appropriations of earnings for the year ended December 31, 2023 as proposed by the Board of Directors on March 7, 2024 is as follows:

	Year ended December 31, 2023	
	Amount	Dividends per share (in dollars)
Legal reserve	\$ 50,873	
Special reserve	5,826	
Cash dividends	<u>378,901</u>	\$ 5.00
	<u>\$ 435,600</u>	

(16) Operating revenue

	Years ended December 31	
	2023	2022
Revenue from contracts with customers	<u>\$ 4,894,258</u>	<u>\$ 4,373,785</u>

#### A. Disaggregation of revenue from contracts with customers

The Group derives revenue mainly from the transfer of goods at a point in time in the following major product areas:

2023	Production area			
	Taiwan	China	Europe	Total
Sales area				
America	\$ 938,037	\$ 522,238	\$ -	\$ 1,460,275
China	277,103	1,031,425	-	1,308,528
Asia (Except China)	79,877	350,278	-	430,155
Europe	440,082	336,516	768,853	1,545,451
Others	53,724	96,125	-	149,849
	<u>\$ 1,788,823</u>	<u>\$ 2,336,582</u>	<u>\$ 768,853</u>	<u>\$ 4,894,258</u>

2022	Production area			
	Taiwan	China	Europe	Total
Sales area				
America	\$ 809,575	\$ 496,153	\$ -	\$ 1,305,728
China	231,274	945,307	-	1,176,581
Asia (Except China)	103,008	295,227	-	398,235
Europe	448,863	237,183	665,948	1,351,994
Others	43,542	97,705	-	141,247
	<u>\$ 1,636,262</u>	<u>\$ 2,071,575</u>	<u>\$ 665,948</u>	<u>\$ 4,373,785</u>

#### B. Contract liabilities

- (a) The Group has recognised the following contract liabilities of revenue from contracts with customers as a result of advance sales receipts:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 01, 2022</u>
Contract liabilities	<u>\$ 2,053</u>	<u>\$ 892</u>	<u>\$ 11,017</u>

- (b) The contract liabilities at the beginning of the year which were recognised in revenue for the years ended December 31, 2023 and 2022 amounted to \$892 and \$11,017, respectively.

(17) Expenses by nature / events after the balance sheet date

Year ended December 31, 2023				
	Classified as		Classified as	
	operating costs		operating expenses	Total
Employee benefit expense				
Wages and salaries	\$ 708,081	\$	295,916	\$ 1,003,997
Labour and health insurance fees	59,775		27,817	87,592
Pension costs	21,474		13,666	35,140
Other personnel expenses	29,233		19,627	48,860
Depreciation charge	162,008		31,483	193,491
Amortisation charge	305		12,551	12,856

Year ended December 31, 2022				
	Classified as		Classified as	
	operating costs		operating expenses	Total
Employee benefit expense				
Wages and salaries	\$ 648,003	\$	287,720	\$ 935,723
Labour and health insurance fees	50,551		26,631	77,182
Pension costs	20,504		12,426	32,930
Other personnel expenses	22,802		16,752	39,554
Depreciation charge	166,924		40,691	207,615
Amortisation charge	220		9,677	9,897

- A. In accordance with the Articles of Incorporation of the Company, if the Company has distributable profit of the current year, the Company shall distribute at not lower than 0.5% as employees' compensation in the form of shares or in cash as resolved by the Board of Directors. The Company shall distribute directors' remuneration at not more than 5% of the total distributable amount as resolved by the Board of Directors. The appropriation of employees' compensation and directors' remuneration shall be submitted to the shareholders during their meeting.
- B. For the years ended December 31, 2023 and 2022, employees' compensation and directors' remuneration were accrued as follows:

Years ended December 31		
	2023	2022
Directors' remuneration	\$ 1,500	\$ 1,500
Employees' compensation	9,511	8,947
	<u>\$ 11,011</u>	<u>\$ 10,447</u>

The aforementioned amounts were recognised in salary expenses and were accrued based on the distributable profit for the years ended December 31, 2023 and 2022 and the Company's Articles of Incorporation.

- C. The directors' remuneration and employees' compensation for 2023 resolved by the Board of Directors on March 7, 2024 amounted to \$1,590 and \$3,700, respectively. The difference between the amounts resolved by the Board of Directors and the directors' remuneration of \$1,500 and employees' compensation of \$9,511 recognised in the 2023 financial statements was regarded as changes in accounting estimates and recognised in profit or loss for 2024.
- D. The directors' remuneration and employees' compensation for 2022 resolved by the shareholders during their meeting on March 17, 2023 amounted to \$1,468 and \$3,000, respectively. The difference between the amounts resolved by the Board of Directors and the directors' remuneration of \$1,500 and employees' compensation of \$8,947 recognised in the 2022 financial statements was regarded as changes in accounting estimates and recognised in profit or loss for 2023.
- E. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Other gains and losses

	Years ended December 31	
	2023	2022
Net currency exchange gains	\$ 25,723	\$ 55,939
Net (loss) gains on financial instruments at fair value through profit or loss	( 3,483)	26,322
Governments grants	13,565	13,096
Losses on disposals of property, plant and equipment	( 3,253)	( 2,452)
Litigation compensation loss (note)	-	( 8,429)
Miscellaneous income (disbursements)	89,389	60,168
	<u>\$ 121,941</u>	<u>\$ 144,644</u>

Note: It is loss from litigation compensation. The Group had assessed the loss and liability provision in 2022 and had received the first-instance judgment in April 2023. This case had been concluded.



(19) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31	
	2023	2022
Current tax:		
Current tax on profits for the year	\$ 88,558	\$ 73,423
Tax on undistributed surplus earnings	4,492	-
Prior year income tax underestimation	6,209	6,850
Total current tax	99,259	80,273
Deferred tax:		
Origination and reversal of temporary differences	91,953	72,794
Income tax expense	\$ 191,212	\$ 153,067

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

	Years ended December 31	
	2023	2022
Currency translation differences	\$ 1,457	(\$ 14,403)
Remeasurement of defined benefit asset	1,272	( 2,364)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 201,096	\$ 167,149
Tax effects disallowed by tax regulation	276	883
Tax exempt income by tax regulation	( 20,861)	( 21,528)
Tax on undistributed surplus earnings	4,492	-
Change in assessment of realisation of deferred tax assets	-	( 348)
Temporary differences not recognised as deferred tax assets	-	61
Prior year income tax underestimation	6,209	6,850
Income tax expense	\$ 191,212	\$ 153,067

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

	2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
–Deferred tax assets:				
Loss on inventory	\$ 5,748	\$ 68	\$ -	\$ 5,816
Unrealised gain on inter- affiliate accounts	7,365	1,737	-	9,102
Unused compensated absences	2,002	-	-	2,002
Unrealised appropriation of pension expenses	5,651	107	1,272	7,030
Accounts receivable loss allowance	1,839	( 739)	-	1,100
Unrealised gain or loss on financial assets	729	1,436	-	2,165
Currency translation differences	<u>48,116</u>	<u>-</u>	<u>1,457</u>	<u>49,573</u>
	<u>71,450</u>	<u>2,609</u>	<u>2,729</u>	<u>76,788</u>
–Deferred tax liabilities:				
Unrealised exchange gain	( 518)	( 873)	-	( 1,391)
Book-tax differences of fixed– assets depreciation	( 43,061)	831	-	( 42,230)
Profit or loss of investments accounted for using equity method	( 420,333)	( 94,520)	-	( 514,853)
	( 463,912)	( 94,562)	-	( 558,474)
	<u>(\$ 392,462)</u>	<u>(\$ 91,953)</u>	<u>\$ 2,729</u>	<u>(\$ 481,686)</u>

2022				
	Recognised in		Recognised in other comprehensive income	
	<u>January 1</u>	<u>profit or loss</u>	<u>income</u>	<u>December 31</u>
Temporary differences: –				
Deferred tax assets:				
Loss on inventory	\$ 4,065	\$ 1,683	\$ -	\$ 5,748
Unrealised gain on inter-affiliate accounts	8,589	( 1,224)	-	7,365
Unused compensated absences	781	1,221	-	2,002
Unrealised appropriation of pension expenses	7,921	94	(2,364)	5,651
Deferred revenue-government grants	189	( 189)	-	-
Accounts receivable loss allowance	612	1,227	-	1,839
Unrealised gain or loss on financial assets	-	729	-	729
Currency translation differences	<u>62,519</u>	<u>-</u>	<u>( 14,403)</u>	<u>48,116</u>
	<u>84,676</u>	<u>3,541</u>	<u>( 16,767)</u>	<u>71,450</u>
–Deferred tax liabilities:				
Unrealised gain on valuation of financial assets	( 710)	710	-	-
Unrealised exchange gain	( 319)	( 199)	-	( 518)
Book-tax differences of fixed– assets depreciation	( 41,612)	( 1,449)	-	( 43,061)
Profit or loss of investments accounted for using equity method	<u>( 344,936)</u>	<u>( 75,397)</u>	<u>-</u>	<u>( 420,333)</u>
	<u>( 387,577)</u>	<u>( 76,335)</u>	<u>-</u>	<u>( 463,912)</u>
	<u>(\$ 302,901)</u>	<u>(\$ 72,794)</u>	<u>(\$ 16,767)</u>	<u>(\$ 392,462)</u>

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority.

E. The Group's subsidiary, Huzhou Iron Force Metal Products Co., Ltd, is a productive foreign-invested enterprise established in the People's Republic of China. It has been approved by the National Taxation Bureau as a high-tech industry enterprise and is eligible for a preferential income tax rate of 15% from December 2023 to December 2026.

(20) Earnings per share

Year ended December 31, 2023			
	Amount after	Weighted average number of ordinary shares outstanding	Earnings per share
	<u>tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	\$ 513,817	75,780	\$ 6.78
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	\$ -	\$ 127	
Profit plus all dilutive potential ordinary shares	\$ 513,817	75,907	\$ 6.77

Year ended December 31, 2022			
	Amount after	Weighted average number of ordinary shares outstanding	Earnings per share
	<u>tax</u>	<u>(shares in thousands)</u>	<u>(in dollars)</u>
<u>Basic earnings per share</u>			
Profit for the year	\$ 452,590	75,780	\$ 5.97
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	\$ -	150	
Domestic convertible bonds (the second)	2,916	3,127	
Profit plus all dilutive potential ordinary shares	\$ 455,506	79,057	\$ 5.76

(21) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2023	2022
Purchase of property, plant and equipment	\$ 192,691	\$ 127,240
Add: Opening balance of payable on equipment	25,206	14,202
Less: Ending balance of payable on equipment	( 28,908)	( 25,206)
Add: Changes in prepayments for business facilities	9,699	32,415
Cash paid during the year	<u>\$ 198,688</u>	<u>\$ 148,651</u>

(22) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Total
January 1, 2023	\$ 484,000	\$ 1,496	\$ 299,371	\$ 29,928	\$ 814,795
Changes in cash flow from financing activities	( 102,000)	( 1,126)	( 300,000)	-	( 403,126)
Proceeds from long-term debt	-	-	-	12,509	12,509
Repayments of long-term debt	-	-	-	( 5,881)	( 5,881)
Impact of changes in foreign exchange rate	-	77	-	1,205	1,282
Changes in other non-cash items	-	3,676	629	-	4,305
December 31, 2023	<u>\$ 382,000</u>	<u>\$ 4,123</u>	<u>\$ -</u>	<u>\$ 37,761</u>	<u>\$ 423,884</u>

	Short-term borrowings	Lease liabilities	Bonds payable	Long-term borrowings	Total
January 1, 2022	\$ 400,000	\$ 1,723	\$ 295,726	\$ 32,496	\$ 729,945
Changes in cash flow from financing activities	84,000	( 770)	-	-	83,230
Repayments of long-term debt	-	-	-	( 3,849)	( 3,849)
Impact of changes in foreign exchange rate	-	60	-	1,281	1,341
Changes in other non-cash items	-	483	3,645	-	4,128
December 31, 2022	<u>\$ 484,000</u>	<u>\$ 1,496</u>	<u>\$ 299,371</u>	<u>\$ 29,928</u>	<u>\$ 814,795</u>

7. Related Party Transactions

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
Hyphen Industrial Corp.	The Chairman of the Company and the Chairman of the entity are relatives within the second degree

(2) Significant related party transactions

	Years ended December 31	
	2023	2022
<u>Rent and other income</u>		
Other related parties	<u>\$ 1,046</u>	<u>\$ 1,046</u>

The Group's other income from other related parties arise mainly from income from managerial services and rental income.

(3) Key management compensation

	Years ended December 31	
	2023	2022
Short-term employee benefits	\$ 29,444	\$ 22,024
Post-employment benefits	535	526
	<u>\$ 29,979</u>	<u>\$ 22,550</u>

## 8. Pledged Assets

The Group's assets pledged as collateral are as follows

<u>Asset items</u>	<u>Carrying amount</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Property, Plant and Equipment-Land	\$ <u>9,308</u>	\$ <u>8,963</u>	Long-term borrowings

## 9. Significant Contingent Liabilities and Unrecognised Contract Commitments

### (1) Commitments

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Consultation service contract	\$ 15,860	\$ 16,350
Property, plant and equipment	<u>13,716</u>	<u>23,216</u>
	<u>\$ 29,576</u>	<u>\$ 39,566</u>

## 10. Significant Disaster Loss

None.

## 11. Significant Events after the Balance Sheet Date

Refer to Notes 6(15) and 6(17).

## 12. Others

### (1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at		
fair value through profit or loss	\$ <u>264,862</u>	\$ <u>670,199</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 1,406,535	\$ 1,055,079
Notes receivable	11	11
Accounts receivable	1,241,098	1,124,281
Other receivables	25,976	38,290
Guarantee deposits paid (shown as other non-current assets)	<u>2,506</u>	<u>4,228</u>
	<u>\$ 2,676,126</u>	<u>\$ 2,221,889</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities mandatorily measured at fair value through profit or loss	\$ <u>7,600</u>	\$ <u>-</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 382,000	\$ 484,000
Accounts payable	309,738	249,417
Other payables	339,644	300,645
Bonds payable (including due within one year)	-	299,371
Long-term borrowings (including due within one year)	<u>37,761</u>	<u>29,928</u>
	<u>\$ 1,069,143</u>	<u>\$ 1,363,361</u>
Lease liabilities	<u>\$ 4,123</u>	<u>\$ 1,496</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk.
- (b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

## C. Significant financial risks and degrees of financial risks

### (a) Market risk

#### Foreign exchange risk

- i. The Group operates internationally and therefore bears various currency risks arising from transactions denominated in different currencies, mainly in USD, EUR, and CNY. These currency risks arise from future commercial transactions and from recognized assets, liabilities, and net investments in foreign operations.
- ii. Management has set up a policy to manage the foreign exchange risk against the functional currency. Each company within the group should hedge its overall exchange rate risk through the Group's finance department. The Group's treasury uses forward foreign exchange contracts and structured deposits to manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- iv. The Group's businesses involve some non-functional currency operations (the Company's functional currency: NTD; other certain subsidiaries' functional currency: EUR, RMB and PLN, etc.). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: functional currency)	December 31, 2023		
	Foreign currency amount		Book value (in thousands of
	<u>(in thousands)</u>	<u>Exchange rate</u>	<u>NTD)</u>
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,959	30.69	\$ 182,882
EUR:NTD	7,380	33.97	250,699
RMB:NTD	21,664	4.33	93,805
USD:RMB	7,782	30.69	238,830
EUR:RMB	23,215	33.97	788,614
<u>Financial liabilities</u>			
<u>Monetary items</u>			
EUR:NTD	23,715	33.97	805,599



December 31, 2022			
(Foreign currency: functional currency)	Foreign currency amount		Book value (in thousands of
	(in thousands)	Exchange rate	NTD)
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 4,312	30.73	\$ 132,486
EUR:NTD	2,787	32.71	91,163
RMB:NTD	15,342	4.41	67,674
USD:RMB	13,767	6.96	422,991
EUR:RMB	1,599	7.42	52,303
EUR:PLN	1,289	4.69	42,163
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 241	30.73	\$ 7,405
EUR:NTD	2,290	32.71	74,906

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

Year ended December 31, 2023			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,829	\$ -
EUR:NTD	1%	2,507	-
RMB:NTD	1%	938	-
USD:RMB	1%	2,388	-
EUR:RMB	1%	7,886	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
EUR:NTD	1%	8,056	-

Year ended December 31, 2022			
Sensitivity analysis			
(Foreign currency: functional currency)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 1,325	\$ -
EUR:NTD	1%	912	-
RMB:NTD	1%	677	-
USD:RMB	1%	4,230	-
EUR:RMB	1%	523	-
EUR:PLN	1%	422	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 74	\$ -
EUR:NTD	1%	749	-

The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to \$25,723 and \$55,939, respectively.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the group's credit policy, the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. The Group adopts the assumptions under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.
- iv. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition: If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

- v. The Group classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.
- vi. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2023</u>					
Expected loss rate	0.14%~2.91%	0.52%~8.50%	1.30%~10.38%	75.91%~100%	
Total book value	\$ 1,156,805	\$ 63,335	\$ 28,122	\$ 1,795	\$ 1,250,057
Loss allowance	2,683	2,722	2,178	1,376	8,959
	<u>Not past due</u>	<u>Up to 30 days past due</u>	<u>31~90 days past due</u>	<u>Over 90 days past due</u>	<u>Total</u>
<u>December 31, 2022</u>					
Expected loss rate	0.08%~0.16%	0.52%~4.30%	1.30%~11.58%	67.47%~100%	
Total book value	\$ 973,180	\$ 84,545	\$ 73,105	\$ 15,014	\$ 1,145,844
Loss allowance	1,214	2,440	5,006	12,903	21,563

- vii. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable are as follows:

	<u>2023</u>
	<u>Accounts receivable</u>
At January 1	\$ 21,563
Reversal of impairment loss	( 12,604)
At December 31	<u>\$ 8,959</u>
	<u>2022</u>
	<u>Accounts receivable</u>
At January 1	\$ 5,255
Provision for impairment	16,308
At December 31	<u>\$ 21,563</u>

(c) Liquidity risk

- i. The cash flow forecasting is performed by various operating entities within the group and is summarized by the Group's treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

- ii. As of December 31, 2023 and 2022, the cash flows within 1 year of short-term borrowings, notes payable, accounts payable, other payables, lease liabilities - current and long-term portion due within one year all are past due within 1 year and discounted, and are in agreement with the balance of each account in the balance sheets.
- iii. The table below analyses the Group's derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than <u>3 months</u>	Between 3 months <u>and 1 year</u>	Between 1 <u>and 2 years</u>	Between 2 <u>and 5 years</u>	<u>Over 5 years</u>
December 31, 2023					
<u>Non-derivative</u>					
<u>financial liabilities:</u>					
Long-term borrowings					
(including due within	\$ 1,673	\$ 5,019	\$ 6,692	\$ 20,075	\$ 6,083
one year)					
	Less than <u>3 months</u>	Between 3 months <u>and 1 year</u>	Between 1 <u>and 2 years</u>	Between 2 <u>and 5 years</u>	<u>Over 5 years</u>
December 31, 2022					
<u>Non-derivative</u>					
<u>financial liabilities:</u>					
Bonds payable	\$ 300,000	\$ -	\$ -	\$ -	\$ -
Long-term borrowings					
(including due within	1,058	3,174	4,231	12,694	9,535
one year)					

### (3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment stocks in open market and beneficiary certificate is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in structured investment, forward foreign exchange contracts and corporate bonds payable - call option is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment

in equity investment and convertible bonds-call option without active market is included in Level 3.

B. Financial instruments not measured at fair value

The carrying amounts of the Group's financial instruments not measured at fair value including cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities on December 31, 2023 and 2022 is as follows:

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

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 259,943	\$ -	\$ 528	\$ 260,471
Forward foreign exchange contracts	-	4,391	-	4,391
	<u>\$ 259,943</u>	<u>\$ 4,391</u>	<u>\$ 528</u>	<u>\$ 264,862</u>
<b>Liabilities</b>				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	\$ -	\$ 7,600	\$ -	\$ 7,600
	<u>\$ -</u>	<u>\$ 7,600</u>	<u>\$ -</u>	<u>\$ 7,600</u>
 December 31, 2022	 <u>Level 1</u>	 <u>Level 2</u>	 <u>Level 3</u>	 <u>Total</u>
<b>Assets</b>				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ -	\$ -	\$ 280	\$ 280
Structured investments	-	667,162	-	667,162
Forward foreign exchange contracts	-	2,757	-	2,757
	<u>\$ -</u>	<u>\$ 669,919</u>	<u>\$ 280</u>	<u>\$ 670,199</u>

(b) The methods and assumptions the Group used to measure fair value are as follows:

- i. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the closing price. These instruments are included in level 1.
- ii. The estimated fair value of forward foreign exchange contracts, investment products, corporate bonds payable – call option and structured investment are all included in level 2, which is evaluated based on the current forward exchange rate and yield.
- iii. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

D. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December <u>31, 2023</u>	Valuation <u>technique</u>	Significant unobservable <u>input</u>	Range (weighted <u>average</u> )	Relationship of <u>inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ 528	Market comparable companies	Discount for lack of marketability	0.26	The higher the discount for lack of marketability, the lower the fair value
	Fair value at December <u>31, 2022</u>	Valuation <u>technique</u>	Significant unobservable <u>input</u>	Range (weighted <u>average</u> )	Relationship of <u>inputs to fair value</u>
Non- derivative equity instrument:					
Unlisted shares	\$ 280	Market comparable companies	Discount for lack of marketability	0.30	The higher the discount for lack of marketability, the lower the fair value

E. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial assets categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 5	(\$ 5)	\$ -	\$ -

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
			Favourable change	Unfavourable change	Favourable change	Unfavourable change
	Input	Change				
Financial assets						
Equity instrument	Discount on liquidity	±5%	\$ 6	(\$ 6)	\$ -	\$ -

### 13. Supplementary Disclosures

#### (1) Significant transactions information

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

- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 5.
- I. Trading in derivative instruments undertaken during the reporting periods: Refer to Note 6(2).
- J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Refer to Note 13(1) H.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the reporting departments based on the report information used in making decisions by the board of directors.

The Group provides information by region to the operational decision makers for review. Currently, the Group divides its sales order region into three main areas: Taiwan, Mainland China, and Europe. Therefore, in the operational department, Taiwan, Mainland China, and Europe are the departments to be reported.



(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Year ended December 31, 2023					
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Europe</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
Revenue from external customers	\$ 1,788,823	\$ 2,336,582	\$ 768,853	\$ -	\$ 4,894,258
Inter-segment revenue	-	34,446	-	( 34,446)	-
Total segment revenue	<u>\$ 1,788,823</u>	<u>\$ 2,371,028</u>	<u>\$ 768,853</u>	<u>(\$ 34,446)</u>	<u>\$ 4,894,258</u>
Segment profit or loss	<u>\$ 513,817</u>	<u>\$ 441,526</u>	<u>\$ 31,075</u>	<u>(\$ 472,601)</u>	<u>\$ 513,817</u>
Segment profit or loss:					
Depreciation expense	<u>\$ 47,605</u>	<u>\$ 104,527</u>	<u>\$ 41,359</u>	<u>\$ -</u>	<u>\$ 193,491</u>
Income tax expense	<u>\$ 136,188</u>	<u>\$ 49,307</u>	<u>\$ 5,717</u>	<u>\$ -</u>	<u>\$ 191,212</u>
Segment Assets:					
Non-current assets	<u>\$ 5,261,420</u>	<u>\$ 1,032,999</u>	<u>\$ 519,587</u>	<u>(\$ 4,753,210)</u>	<u>\$ 2,060,796</u>
Year ended December 31, 2022					
	<u>Taiwan</u>	<u>Mainland China</u>	<u>Europe</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
Revenue from external customers	\$ 1,636,262	\$ 2,071,575	\$ 665,948	\$ -	\$ 4,373,785
Inter-segment revenue	-	-	-	-	-
Total segment revenue	<u>\$ 1,636,262</u>	<u>\$ 2,071,575</u>	<u>\$ 665,948</u>	<u>\$ -</u>	<u>\$ 4,373,785</u>
Segment profit or loss	<u>\$ 452,590</u>	<u>\$ 381,593</u>	<u>(\$ 4,608)</u>	<u>(\$ 376,985)</u>	<u>\$ 452,590</u>
Segment profit or loss:					
Depreciation expense	<u>\$ 44,098</u>	<u>\$ 124,013</u>	<u>\$ 39,504</u>	<u>\$ -</u>	<u>\$ 207,615</u>
Income tax expense	<u>\$ 113,933</u>	<u>\$ 36,655</u>	<u>\$ 2,479</u>	<u>\$ -</u>	<u>\$ 153,067</u>
Segment Assets:					
Non-current assets	<u>\$ 4,776,423</u>	<u>\$ 1,088,722</u>	<u>\$ 458,478</u>	<u>(\$ 4,296,578)</u>	<u>\$ 2,027,045</u>

(3) Reconciliation for segment income (loss)

Sales between departments are conducted in accordance with the principle of fair value transactions. External revenues reported to the main operational decision-makers are measured consistently with the revenues in the income statement.

(4) Information on products and services

The main revenue from external customers are manufacturing and sales of hangers, display fixtures, and metal fixtures and manufacturing and sales of automotive safety components. Details are as follows:

	<u>Year ended December 31, 2023</u>	<u>Year ended December 31, 2022</u>
Manufacturing and sales of hangers, display fixtures and metal fixtures	\$ 736,907	\$ 853,043
Manufacturing and sales of automotive safety components	<u>4,157,351</u>	<u>3,520,742</u>
	<u>\$ 4,894,258</u>	<u>\$ 4,373,785</u>

(5) Geographical information

Information on the Group's revenue: Refer to Note 6(16). The information on the Group's non-current assets is follows:

	<u>Years ended December 31</u>	
	<u>2023</u>	<u>2022</u>
	<u>Non-current assets</u>	<u>Non-current assets</u>
China	\$ 1,032,999	\$ 1,088,722
Taiwan	508,210	479,845
Poland	434,547	383,863
Germany	<u>85,040</u>	<u>74,615</u>
	<u>\$ 2,060,796</u>	<u>\$ 2,027,045</u>

(6) Information on significant customers

The information on the Group's significant customers for 2023 and 2022 is as follows:

	<u>Years ended December 31</u>			
	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Group A customer	\$ 2,292,224	Taiwan and China	\$ 1,902,617	Taiwan and China
Group B customer	1,233,879	Taiwan and China	1,019,382	Taiwan and China
Group C customer	412,313	Taiwan and China	421,274	Taiwan and China

Iron Force Industrial Corporation and Subsidiaries

Loans to others

Year ended December 31, 2023

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No. ( Note 1 )	Creditor	Borrower	General ledger account ( Note 2 )	Is a related party	Maximum outstanding	Balance at	Actual amount drawn down	Interest rate	Nature of loan ( Note 3 )	Amount of transactions with the borrower (Note 4)	Reason for short-term financing (Note 5)	Allowance for doubtful accounts	Collateral		Limit on loans	Ceiling on total	Footnote
					balance during the year ended December 31, 2023	December 31, 2023							Item	Value	granted to a single party ( Note 6 )	loans granted ( Note 6 )	
0	Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	\$ 104,160	\$ 101,910	\$ -	EURIBOR 12 months	2	\$ -	Working capital	\$ -	None	-	\$ 436,357	\$ 1,745,428	
1	Huzhou Iron Force Metal Products Co., Ltd	Zhejiang Iron Force Metal Products Co., Ltd	Other receivables due from related parties	Y	133,320	129,780	30,282	4.75%	2	-	Working capital	-	None	-	1,879,590	3,759,181	
1	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	1,041,600	1,019,100	679,400	0.65%	2	-	Working capital	-	None	-	1,879,590	3,759,181	
1	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Poland Sp. z o.o.	Other receivables due from related parties	Y	69,440	67,940	33,970	0.65%	2	-	Working capital	-	None	-	1,879,590	3,759,181	
2	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Other receivables due from related parties	Y	121,520	118,895	74,734	EURIBOR 12 months	2	-	Working capital	-	None	-	161,269	322,537	
3	Transtat Investment Ltd.	Iron Force Industrial Co., Ltd.	Other receivables due from related parties	Y	18,485	17,490	17,490	0.00%	2	-	Working capital	-	None	-	1,955,383	3,910,767	

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: Fill in the name of account in which the loans are recognised, such as receivables related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the nature of the loan as follows:

(1) Fill in 1 for business transactions.

(2) Fill in 2 for short-term financing.

Note 4: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 5: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 6 : The calculation method for limit on loans is as follow:

(1)The ceiling on total loans granted by the Company to others shall not exceed 40% of the Company's net assets. For the companies having business relationship with the Company, ceiling on total loans granted shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, ceiling on total loans granted shall not exceed 30% of the Company's net assets.

(2)The limit on loans granted by the Company to a single party who has business relationship with the Company shall not exceed the higher of 30% of the business transaction amount between the borrower and the Company in the most recent year or 120% of the business transaction amount in the most recent three months, and shall not exceed 10% of the Company's net assets; where the Board of Directors deems the need for short-term financing, limit on total loans granted to a single party shall not exceed 10% of the Company's net assets.

(3) For loans granted between foreign companies whose voting rights are 100% held directly and indirectly by the Company or granted to the borrower by the foreign company whose voting rights are 100% held directly and indirectly by the Company, the ceiling on total loans granted shall not exceed 100% of the creditor's net assets; limit on loans granted to a single party shall not exceed 50% of the creditor's net assets. The financing period depends on the borrower's capital needs, but it shall not exceed five years.

(4) The limit on loans to a single party by the subsidiary is 50% of its net assets, and ceiling on total loans granted is 100% of its net assets.

Iron Force Industrial Corporation and Subsidiaries  
Provision of endorsements and guarantees to others  
Year ended December 31, 2023

Table 2

Expressed in thousands of NT\$  
(Except as otherwise indicated)

No. (Note 1)	Endorser/guarantor					Maximum		Ratio of			Provision of	Provision of		
				outstanding	Outstanding	accumulated			endorsements/	endorsements/	Provision of			
		Party being endorsed/ guaranteed		Limit on	endorsement/	endorsement/	Amount of		endorsement/	Ceiling on total	guarantees by	guarantees by	endorsements/	
		Relationship	endorsements/	guarantee	guarantee	endorsements	guarantee	amount to	amount of	parent	subsidiary to	guarantees to the		
		with the investor	guarantees provided for a single party	amount as of December 31, 2023 (Note 4)	amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	/guarantees secured with collateral	net asset value of the endorser/guarantor	endorsements/ guarantees provided (Note 3)	company to subsidiary (Note 7)	parent company (Note 7)	party in Mainland China (Note 7)	Footnote	
0	Iron Force Industrial Co., Ltd.	Huzhou Iron Force Metal Products Co., Ltd	2	\$ 1,090,893	\$ 227,010	\$ 214,795	\$ -	\$ -	5%	\$ 2,181,785	Y	N	Y	Notes 3(1) and (2)
1	Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	4	161,269	58,218	56,961	32,698	-	1%	322,537	N	N	N	Note 3(3)
2	Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	2	1,879,590	888,800	865,200	-	-	20%	3,759,181	N	Y	N	Note 3(3)

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1)The Company is '0'.

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

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1)Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4)The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5)Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6)Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor the Group's Procedures for Provision of Endorsements and Guarantees are as follows.

(1) The ceiling on total amount of endorsements/guarantees shall not exceed 50% of the Company's net assets.

(2) The limit on endorsements and guarantees provided for a single party shall not exceed 25% of the Company's net assets:

(2.1) For the companies having business relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount is the total value of purchases, sales and other business transactions during the most recent year and shall not exceed 10% of the Company's net assets.

(2.2) For the companies having parent-subsidiary relationship with the Company and thus being provided endorsements/guarantees, the limit on accumulated endorsement/guarantee amount shall not exceed 10% of the Company's net assets. However, for the companies which the Company holds 100% of the voting rights directly or indirectly, endorsements and guarantees is not limited.

(3) The limit on endorsements and guarantees provided to a single party by the subsidiary is 50% of its net assets, and ceiling on total endorsements and guarantees provided is 100% of its net assets.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Fill in the amount approved by the Board of Directors or the chairman if the chairman has been authorised by the Board of Directors based on subparagraph 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in 'Y' for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Iron Force Industrial Corporation and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	As of December 31, 2023				Footnote (Note 4)
				Number of shares	Book value (Note 3)	Ownership (%)	Fair value	
Iron Force Industrial Co., Ltd.	Stock / MKD Technology Inc	-	Financial assets at fair value through profit or loss - current	400,000	\$ 528	1%	\$ 528	-
Huzhou Iron Force Metal Products Co., Ltd	Beneficiary certificates	-	Financial assets at fair value through profit or loss - current	-	259,943	-	259,943	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Leave the column blank if the issuer of marketable securities is non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Iron Force Industrial Corporation and Subsidiaries

Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital

Year ended December 31, 2023

Table 4

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Marketable securities (Note 1)	General ledger account	Counterparty (Note 2)	Relationship with the investor (Note 2)	Balance as at January 1, 2023		Addition (Note 3)		Disposal (Notes 3 and 5)				Balance as at December 31, 2023	
					Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal (Note 6)	Number of shares	Amount
Huzhou Iron Force Metal Products Co., Ltd	RMB Structured deposits	Financial assets at fair value through profit or loss - current	-	-	-	\$ 667,161	-	\$ 1,551,003	-	\$ 2,218,164	\$ 2,218,164	\$ -	-	\$ -

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the columns the counterparty and relationship if securities are accounted for under the equity method; otherwise leave the columns blank.

Note 3: Aggregate purchases and sales amounts should be calculated separately at their market values to verify whether they individually reach NT\$300 million or 20% of paid-in capital or more.

Note 4: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Note 5: The difference between sales price and book value plus gain (loss) on disposal is the transaction fee and tax.

Note 6: The investment is recorded under financial assets at fair value through profit or loss, and gains (losses) on valuation are recognised quarterly.

Note 7: The amount at the beginning of the period includes gains (losses) on valuation of the previous period, the addition in the current period is the amount of purchase cost, and the amount at the end of the period includes gains (losses) on valuation in the current period.

Table 5

Iron Force Industrial Corporation and Subsidiaries  
 Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more ' ,  
 Year ended December 31, 2023

Expressed in thousands of NTD  
 (Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2023	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amoun	Action taken		
Huzhou Iron Force Metal Products Co., Ltd	Iron Force Industrial Co., Ltd.	Parent company	Other receivables   \$       681,351	N/A	\$                   -	-	\$                   -	\$                   -

Iron Force Industrial Corporation and Subsidiaries

Information on investees  
Year ended December 31, 2023

Table 6

Expressed in thousands of NTD  
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares (in thousands)	Ownership (%)	Book value			
Iron Force Industrial Co., Ltd.	Transtat Investment Ltd.	Hong Kong	Holding company	\$ 873,960	\$ 873,960	25,997	100%	\$ 3,898,595	\$ 441,526	\$ 441,526	
Iron Force Industrial Co., Ltd.	Cortec GmbH	Germany	Sales and purchases of hangers and display fixtures	27,104	27,104	750	100%	325,496	37,212	37,212	
Iron Force Industrial Co., Ltd.	Iron Force Poland Sp. z o.o.	Poland	Producing and sales of automotive safety components	658,901	658,901	1,600	100%	540,827	( 6,137)	( 6,137)	
Cortec GmbH	Cortec Kunststoff Technik GmbH & Co. KG	Germany	Producing and sales and purchases of hangers and display fixtures	889	889	-	100%	( 5,871)	22,510	22,510	
Cortec GmbH	Cortec Verwaltungs GmbH	Germany	Management consulting company	881	881	-	100%	914	16	16	

Note 1: If a public company is equipped with an overseas holding company and takes parent company only financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of 'Investee', 'Location', 'Main business activities', 'Initial investment amount' and 'Shares held as at December 31, 2023' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.
- (2) The 'Net profit (loss) of the investee for the year ended December 31, 2023' column should fill in amount of net profit (loss) of the investee for this period.
- (3) The 'Investment income (loss) recognised by the Company for the year ended December 31, 2023' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.



Iron Force Industrial Corporation and Subsidiaries

Information on investments in Mainland China

Year ended December 31, 2023

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 4)	Investment method (Note 1)	Taiwan to Mainland China/Amount remitted back			Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2)	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023	Footnote
Zhejiang Iron Force Metal Products Co., Ltd.	Producing and sales of hangers, display fixtures and metal fixture	\$ 153,425	(2)	\$	143,346	\$ -	\$ -	\$	143,346	\$	17,067	100%	\$ 17,067	\$ 134,141	\$ -	
Huzhou Iron Force Metal Products Co., Ltd.	Producing and sales of automotive safety components	1,321,296	(2)		703,149	-	-		703,149		415,807	100%	415,807	3,759,181	266,036	(Note 5)

Company name	2023	(MOEA)	MOEA
Iron Force Industrial Co., Ltd.	\$ 846,495	\$ 846,495	\$ 2,618,142

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China.
- (2) Investing through Transtat Investment Ltd., an existing company in the third area, which then invested in the investee in Mainland China.
- (3) Others

Note 2: Investment income (loss) was recognised based on the financial reports audited by the parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

Note 4: (1) The differences between the paid-in capital of Zhejiang Iron Force Metal Products Co., Ltd. amounting to US\$5,000 thousand and the accumulated amount of remittance from Taiwan amounting to US\$4,734 thousand is US\$266 thousand. This resulted from using dividends distribution of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$400 thousand as the capital contribution to invest in Zhejiang Iron Force Metal Products Co., Ltd. and purchasing shares from the related parties at a premium price of US\$ 134 thousand.

- (2) The differences between the paid-in capital of Huzhou Iron Force Metal Products Co., Ltd. amounting to US\$43,060 thousand and the accumulated amount of remittance from Taiwan amounting to US\$22,200 thousand is US\$20,860 thousand. This resulted from purchasing shares from the related parties at a premium price of US\$1,140 thousand and the capital increase out of earnings of Huzhou Iron Force Metal Products Co., Ltd. in 2019 and 2021 in the amount of US\$22,000 thousand.

Note 5: As of December 31, 2022, the accumulated amount of investment income remitted back to Taiwan by Huzhou Iron Force Metal Products Co., Ltd. amounted to US\$8,625 thousand.

Iron Force Industrial Corporation and  
Subsidiaries Major shareholders information  
December 31, 2023

Table 8

Name of major shareholders	Shares	
	Name of shares held	Ownership (%)
MengChing Investment Co., Ltd.	19,386,486	25.58%
Zhengyu Investment Co., Ltd.	4,942,980	6.52%

**Iron Force Industrial Co., Ltd.**

**Chairman : HUANG, CHENG-I**