

Social Data (Update as of July 2024)

Long-Term Incentives for Employees

Form	Plan description
Employee Stock Option	<p>In order to establish and improve a long-term incentive mechanism, attract and retain outstanding talent, and fully motivate the enthusiasm of core technical (business) personnel, allowing employees to share in the company's development achievements, in 2017, the predecessor of the company, Fu Kui Precision Components (Shenzhen) Co., Ltd., convened a board meeting. The board agreed to increase capital for Fu Kui Precision by six domestic employee stock ownership platforms, namely, Shenzhen Yifu Investment Partnership (Limited Partnership), Shenzhen Xinqun Investment Partnership (Limited Partnership), Shenzhen Changyi Investment Partnership (Limited Partnership), Shenzhen Hengxiang Investment Partnership (Limited Partnership), Shenzhen Debang Investment Partnership (Limited Partnership), and Shenzhen Zhenqi Investment Partnership (Limited Partnership), as well as two overseas employee stock ownership platforms, Dele Investment Co., Ltd. and Yuefeng Co., Ltd. The total amount of the capital increase was USD 120,645,600 (equivalent to RMB 829,438,500). Based on a contribution of RMB 1 per share, the subscription price per share was RMB 4.60. A total of 156 key employees of the company invested in the aforementioned employee stock ownership platforms.</p>
Restricted Stock Incentive Plan	<p>In order to further establish and improve the company's long-term incentive mechanism, attract and retain outstanding talent, and fully motivate the enthusiasm of core technical (business) personnel, the company has effectively integrated the interests of shareholders, the company, and employees. By combining these interests, all parties are encouraged to focus on the company's long-term development. While ensuring the protection of shareholder interests, the company has formulated the "2021 Restricted Stock Incentive Plan" based on the principles of equal returns and contributions, in accordance with relevant laws, securities regulations, administrative regulations, normative documents, and provisions in the company's articles of association.</p>
312 Cash Incentives	<p>In order to encourage talent retention and development, the company has implemented a cash incentive policy to reward and motivate key executives and senior engineers who have shown high loyalty, long-term service commitment, and outstanding performance. Under this policy, eligible individuals will receive an additional bonus equivalent to 12 months of salary over a period of three years, aimed at enhancing employee retention.</p>
308 Cash Incentives	<p>In order to encourage and recognize outstanding and potential executives and engineers, and to foster talent who are willing to grow with the company, a cash incentive policy has been implemented to provide an additional bonus equivalent to 8 months of salary over a period of three years. This policy aims to enhance employee retention and serve as an encouragement for their dedication and commitment to the company's growth.</p>

Performance Appraisal Management System

In adherence to the principles of objectivity, fairness and justice, Zhen Ding has established a performance appraisal management system. Regular performance appraisals are conducted, and incentives such as bonuses, salary increases, dividends, or promotions are provided based on the assessment results. The appraisal methods include management by objectives, multidimensional assessment, and team-based performance evaluation. Additionally, managers are responsible for conducting agile performance reviews. The specific methods and practices for employee assessment are as follows:

Method	Applicable Object	Frequency	Evaluation Procedure
Management by Objectives	Engineer and Management	Semi-annually/ Annually	1. At the end of each year, an annual review and budget meeting is held to establish the company's strategy and goals. 2. The managers of each business unit (BU) set the KPIs based on the company's strategy and goals. 3. Based on the KPIs, the managers of each BU will engage in one-on-one meetings with department or functional managers to collaboratively establish personal goals and KPIs that are agreed by both parties. 4. Department or functional managers also conduct one-on-one meetings with their subordinates to define individual KPIs for employees. 5. After a period of six months/one year, supervisors at different levels will conduct performance reviews and evaluations for employees.
Multidimensional Assessment	Management	Annually	Managers will undergo assessments not only from their direct supervisors but also from other managers within the same department
Team-based Performance Evaluation	Business Units	Annually	Business Units evaluate the performance based on annual revenue and profitability. Other units utilize a cross-functional evaluation method to evaluate team performance.
Agile Performance Review	All Employees	Ongoing	Following the completion of the assessment process, supervisors will engage in face-to-face discussions with employees to review their individual performance and offer guidance in formulating personal performance improvement plans. These plans may involve training, mentoring, and coaching to facilitate growth and development. Furthermore, supervisors can utilize the Ding Sheng E-Learning APP to monitor employees' learning plans in real-time, ensuring effective implementation and progress.

Training & Development Inputs

Item	2020	2021	2022	2023
Per capita training hours (Hours)	45	48	60	72
Total training cost (1,000 NTD)	35,964	32,670	31,922	31,523
Per capita training cost (NTD)	766	800	800	675

Note: The total cost of training includes: Training course cost, Training system cost, Training personnel cost.

Employee Training Programs

Name of the Program	IE Improvement Training (Engineers & Management)	Management Training (Management)
Content & Target	This program focuses on training in IE and productivity improvement, aimed at fostering innovation through continuous effort and perseverance. The target outcomes include the submission of over 50,000 improvement project proposals and the filing of over 350 patents.	This program offers core competence management training tailored for different management levels. It provides a solid and systematic skill set designed to improve retention rates within the company. The target is to achieve a monthly average turnover rate drop of 2%.
Benefits	<ul style="list-style-type: none"> Improvement project proposals: 62,388 Patents filed: 381 Patents granted: 208 	<ul style="list-style-type: none"> Certified personnel: 1,821 Monthly average turnover rate decreased by 3%
Participation Ratio	21%	10%

New Employees

In 2023, the number of new employees was 42,744. The average recruitment cost per employee was NT\$8,901, and 5.7% of the openings were filled by internal employees.

Hiring	2020	2021	2022	2023
Number of new employees	57,032	54,479	32,210	42,744

Employee Turnover Rate

Turnover Rate	2020	2021	2022	2023
Average Monthly Total Turnover Rate	8.3%	9.8%	6.8%	7.0%
Voluntary Turnover Rate	8.0%	9.7%	6.7%	6.9%

Note: Average monthly turnover rate = Average number of quits per month/Average number of incumbents per month at the end of the month.

Voluntary turnover rate refers to the voluntary turnover of employees according to their own will, not forced turnover by the company.

Workforce Breakdown: Nationality

Nationality	Total	Percentage	Management	Percentage
China	43,556	93.3%	4,049	90.4%
Taiwan	1,904	4.1%	420	9.4%
India	729	1.6%	4	0.1%
Philippines	415	0.9%	0	0.0%
Other	89	0.2%	4	0.1%
Total	46,693	100%	4,477	100%

Note: Others include Thailand, Vietnam, Malaysia, Japan, etc.