

股票代號
3226

2024

Annual Report
(Translation)

LFA CO., LTD.

(Former Name: TOPOWER CO., LTD.)

Market Observation Post System: <http://mops.twse.com.tw>

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I. Letter to Shareholders

Dear Shareholders, Ladies and Gentlemen:

First and foremost, on behalf of our company, I extend our heartfelt gratitude for your unwavering support and trust throughout the past year! The following is the report on the company's individual operating results and future outlook for the fiscal year 2024:

Operating Results for Fiscal Year 2024: The net operating revenue for fiscal year 2024 was NT\$2,128,343 thousand. This represents a decrease of NT\$31,463 thousand compared to fiscal year 2023. The operating profit for fiscal year 2024 was NT\$354,411 thousand. The profit before tax was NT\$457,600 thousand. The comprehensive income was NT\$358,917 thousand. The earnings per share (EPS) was NT\$5.56, an increase of NT\$1.52 compared to fiscal year 2023.

In fiscal year 2024, our company continued to focus on LED automotive lighting and module peripheral products, and developed new customers, resulting in positive outcomes for revenue and operating profit.

Based on the assessment of internal and external resources and the economic environment, our company has formulated the following strategic development directions:

I. Expand into Global Markets:

Actively deploy in Europe, the United States, and emerging markets, expand through diverse channels, participate in international trade shows, enhance the value of our own brand, and provide customers with excellent services.

II. Strengthen the Automotive Lighting Industry Chain:

Expand automotive lighting production capacity, enrich product varieties, develop automotive peripheral products, integrate the advantages of local industrial clusters, and meet customer demands with high quality and flexible production to promote business growth.

III. Enhance R&D Capabilities and Move Towards Industry 4.0:

Continuously improve R&D capabilities, gradually plan and build an Industry 4.0 system, and lay the foundation for future development.

Our company consistently upholds the business philosophy of integrity,

practicality, dedication, and responsibility, striving to provide outstanding products and services, and pursuing a win-win situation for both the company and its customers.

Faced with a highly competitive industry environment, we continuously refine our research and development, and persistently innovate, aiming to drive business growth and reciprocate the deep affection and support of our shareholders.

Hereby, we sincerely thank all shareholders for their care and encouragement towards our company.

Wishing everyone good health and all the best in everything.

LFA CO., LTD.

Chairman of the board : LIN,CHONG-YI

The following is a report on the company's 2024 operational policies, implementation status, results of business plan implementation, execution of operating revenue and expenditure budgets, profitability analysis, and research and development activities:

I. Business Policies:

1. Continue to invest in competitive and market-differentiated product lines, such as LED automotive light modules and automotive electronics-related products.
2. Based on the company's technical capabilities in electronics and optics, enhance the integration capabilities of optoelectronics and mechanisms, striving to develop higher-end products.

II. Implementation Status:

In the year 2024, the company's total sales volume of key products was 618 thousand units for LED automotive light modules and 1,710 thousand units/sets for automotive light assemblies. Both LED automotive light modules and automotive light assembly products experienced a volume reduction due to the overall slowdown in the consumer market.

III. Results of Business Plan Implementation:

The net operating revenue for 2024 was NT\$2,128,343 thousand, a decrease of NT\$31,463 thousand compared to 2023. The operating profit for 2024 was NT\$354,411 thousand, the profit before tax was NT\$457,600 thousand, total comprehensive income was NT\$358,917 thousand, and the earnings per share (EPS) was NT\$5.56. The operating results of the company's individual entities for 2024 and 2023 are listed below:

Unit: NT\$ Thousand

Item \ Year	2024Y	2023Y	Increase (Decrease) Amount	Increase (Decrease) Ratio
Net Operating Revenue	2,128,343	2,159,806	(31,463)	-1.46%
Operating Costs	1,596,363	1,619,717	(23,354)	-1.44%
Gross Profit	531,980	540,089	(8,109)	-1.50%
Operating Expenses	177,569	97,189	80,380	82.70%
Operating Profit	354,411	442,900	(88,489)	-19.98%
Non-operating Income and Expenses	103,189	(89,080)	192,269	-215.84%
Profit Before Tax	457,600	353,820	103,780	29.33%
Income Tax Expense	99,398	93,590	5,808	6.21%
Net Profit for the Period	358,202	260,230	97,972	37.65%
Other Comprehensive Income	715	33	682	2066.67%
Total Comprehensive Income	358,917	260,263	98,654	37.91%

IV. Operating revenue and expenditure budget execution: The Company has not released its 2024 financial forecast, therefore it is not applicable.

V. Financial Performance Analysis :

Item	2024	2023
Return on Assets (%)	11.58	11.67
Return on Equity (%)	20.67	17.12
Operating Profit to Paid-in Capital (%)	55.01	68.74
Pre-tax Profit to Paid-in Capital (%)	71.02	54.91
Net Profit Margin (%)	16.83	12.05
Earnings Per Share (NTD)	5.56	4.04

VI. Research and Development Status :

I. Research and Development Expense Analysis :

The following table shows our company's individual research and development expenses as a percentage of individual operating expenses and operating revenue for the most recent two fiscal years :

Unit: NT\$ Thousand

Item	2024	2023
Research and Development Expenses	63,929	57,025
Proportion of operating expenses (%)	36.00	58.67
Percentage of net revenue (%)	3.00	2.64

II. Total research and development results :

Our company closely monitors prevailing market trends and is dedicated to launching high-quality automotive lighting products that are both aesthetically pleasing and compliant with energy-saving, environmental protection, and safety regulations. Simultaneously, we actively invest in the research and development of new automotive lighting application technologies and automotive electronics products to drive revenue growth through innovation and inject strong momentum into the company's operations.

VII. Future corporate development strategy :

We will expand our business in European, American, and emerging markets by strategically establishing distribution channels and participating in international trade shows to enhance exposure and promote the value of our own brand. We will also increase our automotive lighting production capacity, expand the application of automotive lighting types, and develop related automotive peripheral products. By leveraging the advantages of the adjacent automotive lighting industry cluster, we aim to provide customers with a diverse range of products and ensure customer satisfaction through high quality and flexible production capabilities, thereby driving company business growth. Furthermore, we will enhance our research and development capabilities and gradually plan and implement Industry 4.0 initiatives as the foundation for future growth.

VIII. Impacted by the external competitive environment, regulatory environment, and overall business environment :

Regarding the external competitive environment, mainland Chinese automotive lighting manufacturers possess advantages in cost control and production scale, exerting competitive pressure on the automotive lighting

manufacturing industry. Furthermore, the increasing demand for intelligent lighting systems such as adaptive headlights and intelligent high beams poses a challenge to automotive lighting manufacturing, necessitating active investment in the research and development and upgrading of related technologies. The recent escalation of the Sino-US trade war presents both challenges and opportunities for us. Through collaboration with European and American clients, we will strengthen technological innovation, expand into diverse markets, and optimize our supply chain to increase our market share in those regions.

In terms of the regulatory environment, with the development of autonomous driving technology, the integration of automotive lighting and sensors is becoming a trend, and relevant regulations will be continuously updated. Governments worldwide are continuously strengthening environmental regulations and promoting energy conservation and carbon reduction, driving the need to develop more energy-efficient light sources such as LEDs. Innovation in automotive lighting requires increased patent applications to protect the company's intellectual property and technology.

Looking ahead to the new year, our company will actively respond to the rapidly changing external environment, accelerate technological upgrades and industrial transformation to solidify our competitive advantages in the global market. The management team will continue to be dedicated to technological innovation and product upgrades, continuously refine production lines, optimize production processes, and enhance production efficiency and flexibility. We will deepen our cooperative relationships with existing customers and actively develop new customers to achieve revenue growth and profit improvement, thereby rewarding shareholders for their long-term support and actively fulfilling our corporate social responsibility to promote environmental sustainability. We firmly believe that through continuous innovation and optimization, we will be able to meet the expectations of shareholders and the public and create a brighter future for the company.

Chairman of the
board : LIN,CHONG-YI

General Manager :
LIN,CHONG-YI

Accounting Manager :
KANG,CHIH-HE

II. Corporate Governance Report

2.1 Information of Directors, Supervisors, General Managers, Deputy General Managers, Associates, Head of Departments and Branches:

2.1.1 Directors information:

a. Directors information (1)

2025/04/22

Job title	Nation	Name	Gender	Date Elected	Terms (Years)	Date (First Elected)	Shareholding when elected		Current shareholding		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			Notes
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation	
Chairman	R.O.C.	Chong-Yi Lin	Male 40-49	2022.06.14	three years	2012.06.13	430,000	0.67%	430,000	0.67%	None	None	None	None	La Sierra University MBA Director of Eagle Eyes Traffic Ind. Co., Ltd.	Director of Zhicheng Investment Co., Ltd. Director of Eagle Eyes Traffic Ind. Co. Ltd Director of Litek Enterprise Co., Ltd.	Deputy Manager of Administration Dept.	Lin Chi-chun	spouse	(Note 2)
Director	R.O.C.	Zhicheng Investment Co., Ltd	Not applicable	2022.06.14	three years	2019.06.10	34,000,000	52.77%	34,000,000	52.77%	None	Nine	None	None	Not applicable	Not applicable	None			(Note 1)
	R.O.C.	Representative: Chih-Lung Lin	Male 50-59	2022.06.14	three years	2019.06.10	None	None	None	None	None	None	None	None	National Cheng Kung University Master of Accounting Partner Accountant of TrustNet CPA Firm Adjunct Lecturer, Department of Accounting, National Cheng Kung University	Director of Nang Kuang Pharmaceutical Co., Ltd. Independent Director of Chia Her Ind. Co., Ltd. Independent Director of Airmate (Cayman) International Co. Limited	None			None

Job title	Nation	Name	Gender	Date Elected	Terms (Years)	Date (First Elected)	Shareholding when elected		Current shareholding		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			Notes
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Hui-Ling Fang	Female 60-69	2022.06.14	three years	2013.05.22	None	None	None	None	None	None	None	None	Accounting Department of National Cheng Kung University Chief Accountant and Certified Public Accountant of the Southern District Business Department of KPMG Taiwan	Independent Director of Jung Shing Wire Co., Ltd. Independent Director of Sen Tien Printing Factory Co., Ltd. Independent Director of Sheh Fung Screws Co., Ltd.	None	None	None	None
Independent Director	R.O.C.	Cheng-Che Chiang	Male 50-59	2022.06.14	three years	2016.06.28	None	None	None	None	None	None	None	None	PhD in Enterprise Management at Ning'en University Deloitte & Touch Management Consulting Co. Johnson & Johnson Medical Taiwan	Associate Professor and Chair of the Department of Marketing and Distribution Management, CTBC University of Technology Chair of the Department of Business Administration, CTBC University of Technology	None	None	None	None

Job title	Nation	Name	Gender	Date Elected	Terms (Years)	Date (First Elected)	Shareholding when elected		Current shareholding		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			Notes
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Yen-Hsun Chen	Male 50-59	2022.06.14	three years	2018.06.26	None	None	None	None	None	None	None	None	PhD in Mechanical Engineering, National Central University PhD in Business Administration from National Cheng Kung University. Director of the Department of Information Management, Department, College of Further Education, Far East University of Science and Technology Head of Academic Affairs, College of Further Education and Junior College, Far East University of Science and Technology	Associate Professor and Director of the Division of Continuing Education, CTBC University of Technology	None	None	None	None

Job title	Nation	Name	Gender	Date Elected	Terms (Years)	Date (First Elected)	Shareholding when elected		Current shareholding		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			Notes
							shares	%	shares	%	shares	%	shares	%			Title	Name	Relation	
Independent Director	R.O.C.	Yueh-Feng Chuang	Male 50-59	2022.06.14	three years	2022.06.14	None	None	None	None	None	None	None	None	Master of Public Relations Group, Journalism Research Institute, Ball State University IN, USA Dean of International College, Kun Shan University of Science and Technology International Director of International and Cross Strait Exchange Department, Kun Shan University of Science and Technology Director of International and Cross Strait Exchange Department, Kun Shan University of Science and Technology	Dean of International College, Kun Shan University of Science and Technology International Director of International and Cross Strait Exchange Department, Kun Shan University of Science and Technology	None	None	None	None

Note 1 :

- (1) Please refer to the table below for the information of juristic person shareholder - Zhicheng Investment Co., Ltd.
- (2) Major shareholders of the juristic-person shareholders:

Mar. 31, 2024

Name of juristic-person shareholders (Note 1)	Major shareholders (Note 2)
Zhicheng Investment Co., Ltd.	Lin Yu-zhu (50.8%) 、 Lin Liu Mei-zhen(49%) 、 Lin Shu-zheng(0.06%) 、 Lin Shih-Chi(0.07%) 、 Lin Chong-Yi (0.07%) 、

- (3) If the major shareholder is a legal person, its major shareholder: Not applicable.

Note 2 :

Relevant information of the reason, rationality, necessity, and countermeasures shall be explained if the Director or the General Manager or person of an equivalent post (top management) are the same person, spouses or relations within the first degree of kinship (e.g., the number of independent directors will be added, and there shall be a majority of directors who do not serve concurrently as an employee or officer.

The Chairman of the Company concurrently serves as the President, in order to improve the operation efficiency and decision-making execution power, but to strengthen the independence of the board of directors, the company actively seeks suitable candidates: In addition, the Chairman of the board of directors also fully communicates with each director about the company's operation status and plan guidelines to implement corporate governance. In the future, the Company also plans to increase the number of independent directors to enhance the functions of the board of directors and strengthen the supervision function. At present, the company has the following specific measures

- (1) The current four independent directors have expertise in accounting and enterprise management, and are able to efficiently perform their supervisory functions.
- (2) Arrange for each director to participate in professional director and supervisor training courses conducted by external institutions every year to enhance the operational efficiency of the board of directors.
- (3) More than half of the board members do not concurrently serve as employees or managers to strengthen the independence of corporate governance and information transparency.

b. Directors information (2)

Criteria Name	Professional qualifications and experience	Independence analysis (Note)												No. of other public companies at which the person concurrently serves as an independent director	
		1	2	3	4	5	6	7	8	9	10	11	12		
Chong-Yi Lin	La Sierra University MBA, currently serving as the Chairman of the Company, with rich experience and ability in business management, leadership decision-making, international market view, industry knowledge, and operational judgment, leading the company to sustainable operation			✓	✓	✓					✓	✓	✓	✓	0
Zhicheng Investment Co., Ltd Representative: Chih-Lung Lin	Master of Accounting, Department of National Cheng Kung University, with professional Certificate of CPA Qualification of R.O.C., currently working as a partner accountant of TrustNet CPA Firm and an adjunct lecturer of National Cheng Kung University, serving as a director of Nang Kuang Pharmaceutical Co., Ltd , an independent director of Chia Her Ind. Co., LTD., and Airmate (Cayman) International Co., LTD. Rich experience and ability in corporate governance and financial accounting.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Criteria Name	Professional qualifications and experience	Independence analysis (Note)												No. of other public companies at which the person concurrently serves as an independent director
		1	2	3	4	5	6	7	8	9	10	11	12	
Hui-Ling Fang	Department of Accounting, National Cheng Kung University, has a qualified professional certificate of accountant of R.O.C., once served as chief accountant and certified accountant of the Southern District Business Department of KPMG Taiwan, , served as an independent director of Jung Shing Wire Industry Co., Ltd., the independent director of Sen Tien Printing Factory Co., Ltd., and the independent director of Sheh Fung Screw Co., Ltd. ,has rich experience and ability in corporate governance and financial accounting.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Cheng-Che Chiang	Ph.D. in Enterprise Management at Ning'en University, previously held positions at Deloitte&Touch Management Consulting Co. and Johnson&Johnson Medical Taiwan, and is currently the Chair of the Department of Business Administration at CTBC University of Technology, with extensive experience and abilities in operational judgment, international market outlook, and management skills.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Criteria Name	Professional qualifications and experience	Independence analysis (Note)												No. of other public companies at which the person concurrently serves as an independent director
		1	2	3	4	5	6	7	8	9	10	11	12	
Yen-Hsun Chen	Ph.D. in Mechanical Engineering from National Central University/Ph.D. in Business Administration from National Cheng Kung University. Previously served as the Director of the Information Management Department, College of Further Education at Far East University of Science and Technology, and currently serves as Associate Professor and Director of the Division of Continuing Education at CTBC University of Technology He has rich experience and abilities in operational judgment, international market outlook, and management abilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Yueh-Feng Chuang	Master of Public Relations at the Institute of Journalism, Ball State University IN, USA, currently serving as the Dean of the International College of Kun Shan University of Science and Technology and the International Director of the International and Cross-Strait Exchange Office of Kun Shan University of Science and Technology, with rich experience and abilities in operational judgment, international market view, and management capabilities	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note: If each director meets the following conditions within the two years prior to their election and during their term of office, they will be marked with "✓" in the space below each condition code.

- (1) Not being an employee of the company or its affiliated enterprises.

- (2) Not being a directors or supervisor of the company's affiliated enterprises (except for independent directors of the company or its parent company, or subsidiaries holding more than 50% of the voting shares directly or indirectly).
- (3) Natural person shareholders who are not themselves, their spouse, minor children, or hold more than 1% of the total issued shares of the company or the top ten shareholders in the name of others.
- (4) Not being spouses, relatives within the second degree of kinship or direct blood relatives within the third degree of kinship of the managers listed in (1) or persons listed in (2) and (3).
- (5) Not being a director, supervisor, or employee of a juristic-person shareholder who directly holds 5% or more of the total number of issued shares of the company, holds the top five shares, or appoints a representative to serve as a director or supervisor in accordance with Article 27, Paragraph 1 or Paragraph 2 of the Company Act (except for independent directors established by the company and its parent company, subsidiaries, or several subsidiaries of the same parent company in accordance with this Law or local laws and regulations).
- (6) Not being a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company (except for independent directors established by the company or its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Law or local laws and regulations, this restriction shall not apply).
- (7) Not being a director (director), supervisor (director), or employee of another company or institution or spouse as the chairman, general manager, or equivalent position of the company (except for independent directors established by the company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Law or local laws and regulations).
- (8) Not being a director, supervisor, manager, or shareholder holding 5% or more of a specific company or institution that does not have financial or business dealings with the company. (However, if a specific company or institution holds more than 20% but not more than 50% of the total issued shares of the company, and is an independent director established by the company and its parent company, subsidiary, or subsidiary of the same parent company in accordance with this Law or local laws and regulations, this restriction shall not apply.)

- (9) Not being professionals, sole proprietors, partnerships, business owners, partners, directors, supervisors, managers, and spouses of companies or institutions that do not provide audit services for companies or affiliated enterprises, or whose cumulative amount of remuneration in the past two years does not exceed NT \$500,000 for business, legal, financial, accounting, and other related services. However, this restriction does not apply to members of the Compensation Committee, the Public Acquisition Review Committee, or the Merger and Acquisition Special Committee who exercise their powers in accordance with the Securities and Exchange Act or the Enterprise Merger and Acquisition Act.
- (10) Not being a spouse or relative within the second degree of kinship of other directors.
- (11) None of the items in Article 30 of the Company Act occurs.
- (12) There is no provision in Article 27 of the Company Act that the government, legal person or their representatives are elected.

c. Directors Information (3): The Diversity and Independence of the Directors

- (1) Director Diversity : Please refer to page 44-47 of the annual report, item 3, "Explanation of the composition of the board of directors" in the " III" Corporate Governance Operations and the Differences and Reasons between the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies
- (2) Director Independence: According to the Securities and Exchange Act, there shall be no less than two independent directors and no less than one-fifth of the total number of directors, and the audit committee shall be composed of all independent directors; the Company has 7 directors, of which 4 are independent directors, accounting for 57.1% of the total number of directors. This meets the requirements for the establishment of independent director seats and their proportion in the total number of directors. The Board of Directors of the Company emphasizes the functions of independent operation and transparency. Both directors and independent directors are independent individuals who exercise their powers independently. For information on the independence of directors, please refer to the explanations on pages 12-14.
- (3) If the number of directors of either gender on the Company's Board does not reach one-third, the reasons for this and the measures to enhance gender diversity in the board of directors should be disclosed :

Explanation:

In accordance with the Company's Articles of Incorporation, the Board of Directors consists of seven seats. The current directors were elected at the Annual Shareholders' Meeting held on June 14, 2022. At present, there is only one female director. This is primarily due to the characteristics of the industry, which has resulted in a predominance of male candidates for board positions.

Measures Adopted:

The Company aims to increase the proportion of female directors to one-third or more. Going forward, the Company will actively seek recommendations through multiple channels to identify and nominate qualified female candidates, with the goal of increasing female representation on the Board. These efforts are intended to enhance corporate governance effectiveness and to implement the Company's board diversity policy.

2.1.2 General manager, deputy general manager, associates, department and branches officer information:

Apr. 22, 2025

Title	Nation	Name	Gender	Date Effective	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			Note
					shares	%	shares	%	shares	%			Title	Name	Relation	
President	R.O.C	Chong-Yi Lin	Male	2023.08.08	430,000	0.67%	None	None	None	None	La Sierra University MBA	None	None			Note
Associate Manager of Sales Dept.	R.O.C.	Li-Qiu You	Female	2011.04.01	17,595	0.03%	4,000	0.00%	None	None	Department of German, Tamkang University V-Tech Computer- Deputy Sales Manager	None	None			None

Title	Nation	Name	Gender	Date Effective	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			Note
					shares	%	shares	%	shares	%			Title	Name	Relation	
Manager of F&A Dept.	R.O.C.	Chih-He Kang	Male	2022.07.26Non	None	None	None	None	None	None	Accounting Department of Providence University Nan Pao Resin Chemical Factory Co., Ltd. - Accounting Department Accounting Team Leader Nan Pao Materials (Vietnam) Co., Ltd. - Accounting Department Accounting Assistant Prince Housing & Development Corp. - Deputy Accounting Manager of the Finance and Accounting Department	None			None	None

2.1.3 Relevant information of the reason, rationality, necessity, and countermeasures shall be explained if the Director or the General Manager or person of an equivalent post (top management) are the same person, spouses or relations within the first degree of kinship (e.g., the number of independent directors will be added, and there shall be a majority of directors who do not serve concurrently as an employee or officer.

The Chairman of the Company concurrently serves as the President, in order to improve the operation efficiency and decision-making execution power, but to strengthen the independence of the board of directors, the company actively seeks suitable candidates: In addition, the Chairman of the board of directors also fully communicates with each director about the company's operation status and plan guidelines to implement corporate governance. In the future, the Company also plans to increase the number of independent directors to enhance the functions of the board of directors and strengthen the supervision function. At present, the company has the following specific measures

- (1) The current four independent directors have expertise in accounting and enterprise management, and are able to efficiently perform their supervisory functions.
- (2) Arrange for each director to participate in professional director and supervisor training courses conducted by external institutions every year to enhance the operational efficiency of the board of directors.
- (3) More than half of the board members do not concurrently serve as employees or managers to strengthen the independence of

corporate governance and information transparency.

2.2 Remunerations Paid to Directors, Supervisors, General Managers, and Deputy General Managers in the Most Recent Year:

2.2.1 Remunerations of Directors

Mar. 14, 2025

Unit : NT\$ Thousands/ Thousand shares

Title	Name	Remuneration of Directors								Ratio of total remuneration (A+B+C+D) to Net profit after tax (%) (Note 10)		Relevant remuneration received by Directors who are also Employee				The total amount of A, B, C, D, E, F and G and ratio of total compensation (A+B+C+D+E+F+G) to Net profit after tax (Note 10)		Compensation paid to Directors from an invested company other than the Company's subsidiary or the Parent (Note 11)							
		Base compensation (A) (Note 2)		Retirement pension (B)		Directors compensation (C) (Note 3)		Professional practice fee (D)(Note 4)				Salary, bonus and allowance (E) (Note 5)		Retirement pension (F)					Employee compensation (G) (Note 6)						
		The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)								
Chairman	Chong-Yi Lin	2,870	2,870	0	0	430	430	62	62	3,362	3,362	0	0	0	0	349	0	349	0	3,711	3,711	1.036%	1.036%	None	
Director	Zhicheng Investment Co., Ltd	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	None
	Representative: Chih-Lung Lin	0	0	0	0	300	300	62	62	362	362	0	0	0	0	0	0	0	0	362	362	0.101%	0.101%	None	
Independent Director	Hui-Ling Fang	0	0	0	0	430	430	83	83	513	513	0	0	0	0	0	0	0	0	513	513	0.143%	0.143%	None	

Title	Name	Remuneration of Directors								Ratio of total remuneration (A+B+C+D) to Net profit after tax (%) (Note 10)		Relevant remuneration received by Directors who are also Employee								The total amount of A, B, C, D, E, F and G and ratio of total compensation (A+B+C+D+E+F+G) to Net profit after tax (Note 10)		Compensation paid to Directors from an invested company other than the Company's subsidiary or the Parent (Note 11)
		Base compensation (A) (Note 2)		Retirement pension (B)		Directors compensation (C) (Note 3)		Professional practice fee (D)(Note 4)				Salary, bonus and allowance (E) (Note 5)		Retirement pension (F)		Employee compensation (G) (Note 6)						
		The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	The Company	All companies in Financial Statements (Note 7)	Cash	Stock	Cash	Stock	The Company	All companies in Financial Statements (Note 7)	
Independent Director	Cheng-Chie Chiang	0	0	0	0	430	430	83	83	513 0.143%	513 0.143%	0	0	0	0	0	0	0	0	513 0.143%	513 0.143%	None
Independent Director	Yen-Hsun Chen	0	0	0	0	430	430	83	83	513 0.143%	513 0.143%	0	0	0	0	0	0	0	0	513 0.143%	513 0.143%	None
Independent Director	Yueh-Feng Chuan	0	0	0	0	400	400	75	75	475 0.133%	475 0.133%	0	0	0	0	0	0	0	0	475 0.133%	475 0.133%	None

- a. Please state the remuneration policy, system, standard and structure of paying Independent Directors, and information of the individual who carries responsibilities, risks, input time and other factors, that is correlated to the remuneration:

The remuneration of independent directors of the Company is based on their actual attendance at the board of directors, the salary and compensation committee, and the audit committee, taking into account the results of the director's performance evaluation, the degree of participation and contribution to our company, and the payment of director remuneration.

- b. Except the sheet disclosed above, the directors of the Company have provided services to all companies in the financial statements (such as a consultant not an employee) in the most recent fiscal year: None

Remuneration numerical range

Range of remuneration	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 9)	All companies in the Financial Statements (Note 10) H	The Company (Note 9)	All companies in the Financial Statements (Note 10) I
Under NT\$ 1,000,000	Chih-Lung Lin, Hui-Ling Fang, Cheng-Che Chiang, Yen-Hsun Chen, Yueh-Feng Chuang	Chih-Lung Lin, Hui-Ling Fang, Cheng-Che Chiang, Yen-Hsun Chen, Yueh-Feng Chuang	Chih-Lung Lin, Hui-Ling Fang, Cheng-Che Chiang, Yen-Hsun Chen, Yueh-Feng Chuang	Chih-Lung Lin, Hui-Ling Fang, Cheng-Che Chiang, Yen-Hsun Chen, Yueh-Feng Chuang
NT\$1,000,000 (included) ~ NT\$ 2,000,000 (excluded)	None	None	None	None
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	None	None	None	None
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	Chong-Yi Lin	Chong-Yi Lin	Chong-Yi Lin	Chong-Yi Lin
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	None	None	None	None
NT\$10,000,000	None	None	None	None

Range of remuneration	Names of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company (Note 9)	All companies in the Financial Statements (Note 10) H	The Company (Note 9)	All companies in the Financial Statements (Note 10) I
(included) ~ NT\$15,000,000 (excluded)				
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	None	None	None	None
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	None	None	None	None
NT\$50,000,000 (included) ~ NT\$100,000,000(e xcluded)	None	None	None	None
Over NT\$100,000,000	None	None	None	None
Total	6	6	6	6

Note 1: Directors' names shall be listed separately (name and representative of a juristic person shareholder shall be listed separately), and a regular director and independent director shall be listed separately, and each amount paid shall be disclosed as an aggregate. If a Director is concurrent as the General Manager or Deputy General Manager, this Table and the following Table (3-1) or (3-2-1) and (3-2-2) shall be filled in.

- Note 2: Indicates directors' remuneration in the most recent year (including Director's salary, allowance, severance payment, each kind of bonus, incentive, etc.)
- Note 3: To fill in the amount of directors' remuneration allocated by the approval of the Board of Directors in the most recent year.
- Note 4: Refers to the relevant business execution expenses of the directors in the most recent year (including transportation and transportation fees, special expenses, various allowances, dormitories, vehicle allocation, and other physical provisions).
- Note 5: The term refers to the compensation, job bonus, severance pay, various bonuses, incentive payments, car expenses, special expenses, various allowances, dormitory, car allocation and other in-kind provision received by the director and employees (including general manager, deputy general manager, other managers and employees) in the latest year. If a house, car and other transportation provided or belonged to personal expenditure, the nature and cost of the assets provided and the rental calculated based on the actual or market price, fuel, and other payments shall be disclosed. If there is with a driver, the related payment for the driver paid by the Company shall be stated, but excluded from the remuneration.
- Note 6: Indicates a Director is concurrent as an employee in the most recent year (including concurrent as the General Manager, Deputy General Manager, other managerial officer and employee) who receives employee compensation (including stock and cash) shall disclose the employee compensation appropriated by the approval of the Board of Directors in the most recent year.
- Note 7: Total amount of each remuneration paid to the Company's Directors by all companies (including the Company) mentioned in the consolidated statements shall be disclosed.
- Note 8: Total amount of each remuneration paid to each Director by the Company, whose name is disclosed in the numerical range belonged to.
- Note 9: Total amount of each remuneration paid to the Directors by all companies (including the Company) mentioned in the consolidated statements and whose names shall be disclosed in the numerical range belonged to.
- Note 10: Net profit after tax means net profit after tax of the parent or individual financial reports in the most recent year: If IFRS has been adopted, net profit after tax means net profit after tax on the most recent year of individual or individual financial reporting.

Note 11:

- a. The column shall be filled in the related remuneration amount of the Company Director received from the reinvestment companies or the parent company other than subsidiaries.
- b. If the Company Director receives remuneration from the reinvestment companies or the parent company other than subsidiaries, the amount shall be combined to the column I in the numerical range, and the column will be altered to “All reinvestment companies.”
- c. Remuneration means remuneration, compensation (including compensation of employee, directors, and supervisor), and professional practice fee paid to the Company Directors who serve as a Director, Supervisor or managerial officer at the reinvestment companies or parent company other than subsidiaries

2.2.2 Remuneration of President and Deputy President

March 14, 2025

Unit : NT\$ Thousands/ Thousand shares

Title	Name	Remuneration (A) (Note 2)		Retirement pension (B)		Bonus and special allowance, etc. (C) (Note 3)		Employee's compensation (D) (Note 4)				The total amount of A, B, C, and D and ratio of total compensation (A+B+C+D to Net profit after tax (Note 8)		Compensation from the investees other than subsidiaries or parent company (Note 9)
		The Company	All companies in the Financial Statements (Note5)	The Company	All companies in the Financial Statements (Note5)	The Company	All companies in the Financial Statements (Note5)	The Company		All companies in the Financial Statements (Note 5)		The Company	All companies in the Financial Statements (Note 6)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chong-Yi Lin	0	0	0	0	0	0	349	None	349	None	349 0.10%	349 0.10%	None

Remuneration numerical range

Range of remuneration paid to each President and Deputy President	Name of President and Deputy President	
	The Company (Note 6)	All companies in the Financial Statements (Note 7) (E)
Under NT\$1,000,000	Chong-Yi Lin	Chong-Yi Lin
NT\$1,000,000 (included) ~ NT\$2,000,000 (excluded)	None	None
NT\$2,000,000 (included) ~ NT\$3,500,000 (excluded)	None	None
NT\$3,500,000 (included) ~ NT\$5,000,000 (excluded)	None	None
NT\$5,000,000 (included) ~ NT\$10,000,000 (excluded)	None	None
NT\$10,000,000 (included) ~ NT\$15,000,000 (excluded)	None	None
NT\$15,000,000 (included) ~ NT\$30,000,000 (excluded)	None	None
NT\$30,000,000 (included) ~ NT\$50,000,000 (excluded)	None	None
NT\$50,000,000 (included) ~ NT\$100,000,000(excluded)	None	None
Over NT\$100,000,000	None	None
Total	1	1

Note 1: President and Deputy President's names shall be listed separately, and each amount paid shall be disclosed as an aggregate. If a Director is concurrent as

the President and Deputy President, this Table and the above Table of Directors' Remuneration shall be filled in.

- Note 2: To fill in President and Deputy President's remuneration, allowance, and severance payment in the most recent year
- Note 3: To fill in President and Deputy President's each kind of bonus, incentive, transportation allowance, special allowance, each kind of allowance, and material object provided such as dormitory, car, and other remuneration amount in the most recent year. If a house, car and other transportation provided or belonged to personal expenditure, the nature and cost of the assets provided and the rental calculated based on the actual or market price, fuel, and other payments shall be disclosed. If there is with a driver, the related payment for the driver paid by the Company shall be stated, but excluded from the remuneration. In addition, the salary expense recognized at share-based payment under IFRS 2, including acquisition of employee stock option certificate, new restricted employee shares, participation of cash capital increased for shares subscription, and etc., shall be accounted to the remuneration.
- Note 4: To fill in the amount of employee's compensation (including stock and cash) for President and Deputy President appropriated by the approval of the Board of Directors in the most recent year. If the amount cannot be estimated, it can be calculated according to the actual appropriation last year for the proposed amount this year. And fill in a separate schedule for 'Name and distribution status of managers who distribute employee compensation'. After tax net profit refers to the net profit after tax for the most recent year; For those who have adopted International Financial Reporting Standards, the net profit after tax refers to the net profit after tax of individual or individual financial reports for the most recent year.
- Note 5: Total amount of each remuneration paid to the President and Deputy President by all companies (including the Company) mentioned in the consolidated statements shall be disclosed.
- Note 6: Total amount of each remuneration paid to each President and Deputy President by the Company, whose name is disclosed in the numerical range belonged to.
- Note 7: Total amount of each remuneration paid to each President and Deputy President by all companies (including the Company) mentioned in the consolidated statements and whose names shall be disclosed in the numerical range belonged to.
- Note 8: Net profit after tax means net profit after tax of the parent or individual financial reports in the most recent year: If IFRS has been adopted, net profit after tax means net profit after tax on the most recent year of individual or individual financial reporting.
- Note 9:
- a. The column shall be filled in the related remuneration amount of the Company President and Deputy President received from the reinvestment companies or the parent company other than subsidiaries.
 - b. If the Company President and Deputy President receives remuneration from the reinvestment companies or the parent company other than subsidiaries, the

amount shall be combined to the column E in the numerical range, and the column will be altered to “All reinvestment companies.”

- c. Remuneration means remuneration, compensation (including compensation of employee, directors, and supervisor), and professional practice fee paid to the Company President and Deputy President who serve as a Director, Supervisor or managerial officer at the reinvestment companies or parent company other than subsidiaries

Note 10: The amount allocated for the new retirement pension in 2024 is NT\$ 0.

2.2.3 Managerial officers' names and appropriation of employee's compensation:

Mar. 14, 2025

Unit : NT\$ Thousands

	Job title	Name	Stock amount	Cash amount	Total	Ratio of total amount to net profit after tax (%)
Managerial Officer	President	Chong-Y Lin	0	698	698	0.19
	Associate	Li-QiuYou				
	Associate	Chih-He Kang				

Note: It refers to the amount of compensation allocated to managers and employees approved by the Remuneration Committee and the Board of Directors on 2025.03.14.

2.2.4 Compare and explain the proportion of the total amount of compensation paid to Directors, Supervisors, President, and Deputy President of the Company and all companies in the consolidated financial statements in the past two years to the net profit after tax of individual or individual financial reports, and explain the policies, standards, and combinations for payment of compensation, the procedures for setting compensation, and the correlation with business performance and future risks:

Item	Directors		President and Acting President	
	Net profit after tax ratio of total remuneration		Net profit after tax ratio of total remuneration	
	FY2024	FY2023	FY2024	FY2023
	NT\$5,738,000/ 1.60%	NT\$5,726,000/ 2.20%	NT\$349,000/ 0.10%	NT\$269,000/ 0.10%
Remuneration Standard	Directors: Based on the participation level, contribution efficiency, attendance rate, and performance evaluation results of the Board of Directors, the allocation and evaluation criteria shall be used. Independent Directors: According to		According to salary management, employee assessment, and employee bonus measures	

	their actual attendance at the Board of Directors, the compensation committee, and the audit committee, they shall receive transportation fees, and shall also receive director compensation based on their level of participation and contribution.	
Standards and Package	Allocation by the number of existing directors	Principal salary, Job bonus, and other allowances
Procedure for determining remuneration	The Compensation Committee and the Board of Directors shall prepare a surplus distribution proposal in accordance with the Company's articles of association and relevant regulations, and submit it to the Shareholders' meeting for resolution	The Compensation committee and the Board of Directors shall determine the salary structure based on the usual standards of the industry. The salary is mainly determined in accordance with the salary rules based on the position, performance, and responsibilities they hold
Link to operating performance and future risks :	Depending on the company's operational performance and profitability	Reasonable compensation will be given based on business performance, achievement rate, contribution level, and the evaluation of responsibilities in the company.

2.3 Implementation of Corporate Governance

2.3.1 The 13th Board of Directors held 5(A) meetings respectively in 2024. The attendance of Directors is as follows:

Title	Name	Attendance in Person(B)	By proxy	Attendance rate in person (B/A) (%)	Remark
Chairman	Chong-Yi Lin	5	0	100	2022.06.04 Re-election of the shareholders' meeting
Director	Zhicheng Investment Co., Ltd Representative: Chih-Lung Lin	5	0	100	2022.06.14 Re-election of the shareholders' meeting, re-election of legal persons and representatives
Independent Director	Hui-Ling Fang	5	0	100	2022.06.14 Re-election of the shareholders' meeting
Independent Director	Cheng-Che Chiang	5	0	100	2022.06.14 Re-election of the shareholders' meeting
Independent Director	Yen-Hsun Chen	5	0	100	2022.06.14 Re-election of the shareholders' meeting
Independent Director	Yueh-Feng Chiang	5	0	100	2022.06.14. Re-election of the shareholders' meeting, new Independent Director

Attendance of Independent Directors at Each Board Meetings in 2024

◎ : Attendance in person ; ☆ : By proxy ; * : Absent

2024	1st	2nd	3rd	4th	5th
Hui-Ling Fang	◎	◎	◎	◎	◎
Cheng-Che Chiang	◎	◎	◎	◎	◎
Yen-Hsun Chen	◎	◎	◎	◎	◎
Yueh-Feng Chiang	◎	◎	◎	◎	◎

Other matters to be recorded:

- a. If any of the following circumstances occurs in the operation of the Board of Directors meeting, please indicate the date of the Board meeting, session number, contents of the motion, the opinions of all Independent Directors and the Company's handling of the opinions of the Independent Director:
- (1) Matters listed in Article 14-3 of the Securities Exchange Act.
 - (2) Other than the aforementioned matters, the Board resolutions which Independent Directors object to or have reservations about, and there are records or written statements for them

Board of Directors	Motion content and follow-up processing	Matters listed in Article 14-3 of the Securities Exchange Act.	Independent Director's objection or reservation
The 11th meeting of the 13th session 2024.03.15	1. 2023 Remuneration Plan for Directors and Managers	V	None
	2. 2024 Manager Salary Adjustment Plan	V	None
	3. Assessment of the independence of certified public	V	None

Board of Directors	Motion content and follow-up processing	Matters listed in Article 14-3 of the Securities Exchange Act.	Independent Director's objection or reservation
	accountants and professional fees of CPAs.		
	4. Amendments to certain Provisions of the "Audit Committee Charter"	V	None
	5. Amendment to certain provisions of the "Articles of Incorporation"	V	None
	6. Amendment to certain provisions of the "Rules of Procedure for Board of Directors Meetings "	V	None
Independent Director's opinion: None			
Handling of Independent Director's opinion: None			
Resolution: Except for the directors who recused themselves due to their interests, all the other present directors approved.			
The 12th meeting of the 13th session 2024.05.08	Approval of the Addition of Non-Assurance Services and the Related Independence Assessment	V	None
Independent Director's opinion: None			
Handling of Independent Director's opinion: None			
Resolution: Approved by all presented directors.			
The 14th meeting of the 13th session 2024.09.27	Amendment to the "Articles of Incorporation"	V	None
Independent Director's opinion: None			
Handling of Independent Director's opinion: None			
Resolution: Approved by all presented directors.			
The 15th meeting of the 13th	1. 2024 Manager's End of Year Bonus Case	V	None

Board of Directors	Motion content and follow-up processing	Matters listed in Article 14-3 of the Securities Exchange Act.	Independent Director's objection or reservation
session 2024.11.08	2. Approval of the Replacement of the Certified Public Accountant Starting from the Fourth Quarter of 2024	V	None
	3. Approval of the List of Non-Assurance Services and the Related Independence Assessment for Fiscal Year 2025	V	None
	4. Proposal for the Addition of Sustainability Information Management Provisions	V	None
Independent Director's opinion: None			
Handling of Independent Director's opinion: None			
Resolution: Approved by all presented directors.			

In 2024 Board of Directors meetings, except for the previous matters, all Independent Directors have no objections or reservations to the resolutions of the board meeting.

- b. For the situation where a Director avoids motion related to his/her own interests, please specify the Director's name, contents of the motion, reasons for the avoidance of interests and the voting results:

Date of the board meeting: 2024.03.15

Motion Content: 2023 Remuneration distribution for directors, managers and employees

Recusal Director: Director Chong-Yi Lin

Reasons for recusal and voting participation: Except for Director Chong-Yi Lin, who is an interested party in this case, he is not allowed to participate in the discussion and voting due to the avoidance of interests. After consulting with the Acting Chairman Chih-Lung Lin, all other attending directors unanimously passed the resolution without any objections.

Date of the board meeting: 2024.03.15

Motion Content: 2024 Manager Salary Adjustment Case

Recusal Director: Director Chong-Yi Lin

Reasons for recusal and voting participation: Except for Director Chong-Yi Lin, who is an interested party in this case, he is not allowed to participate in the discussion and voting due to the avoidance of interests. After consulting with the Acting Chairman Chih-Lung Lin, all other attending directors unanimously passed the resolution without any objections.

Date of the board meeting: 2024.11.08

Motion Content: 2024 Manager's year-end bonus case

Recusal Director: Director Chong-Yi Lin

Reasons for recusal and voting participation:

Except for Director Chong-Yi Lin, who is an interested party in this case, he is not allowed to participate in the discussion and voting due to the avoidance of interests. After consulting with the Acting Chairman Chih-Lung Lin, all other attending directors unanimously passed the resolution without any objections.

c. State of implementing Board of Directors evaluation

Cycle	Period	Scope	Method	Content
Once a year	From January 1, 2024 to December 31, 2024	Board of Directors	Internal self-evaluation	1. Degree of participation in company operations 2. Quality of decision-making by the Board of Directors 3. Composition and structure of the Board of Directors 4. Election and Continuing Education of Directors 5. Internal control
Once a year	From January 1, 2024	individual	Internal	1. Mastery of company goals and tasks

Cycle	Period	Scope	Method	Content
	to December 31, 2024	Board members	self-evaluation of the Board of Directors	<ol style="list-style-type: none"> 2. Understanding of Directors' Responsibilities 3. Degree of participation in company operations 4. Internal relationship management and communication 5. Professional and Continuing Education of Directors 6. Internal control
Once a year	From January 1, 2024 to December 31, 2024	Compensation Committee	self-evaluation of committee members	<ol style="list-style-type: none"> 1. Degree of participation in company operations 2. Understanding of the Responsibilities of Functional Committees 3. Functional Committee Decision Quality 4. Composition and member selection of functional committees
Once a year	From January 1, 2024 to December 31, 2024	Audit Committee	self-evaluation of committee members	<ol style="list-style-type: none"> 1. Degree of participation in company operations 2. Understanding of the Responsibilities of Functional Committees 3. Functional Committee Decision Quality 4. Composition and member selection of functional committees 5. Internal control

The evaluation method was conducted using questionnaires, including internal self-evaluation of the Board of Directors and self-evaluation of Board members. The results of the self-evaluation of the performance of the Board of Directors for the year

2024 were submitted to the Board of Directors on March 14, 2025. Regarding the operating of the Board of Directors, Compensation Committee and Audit Committee. The evaluation results showed that all evaluation aspects were between agree and strongly agree.

The Board of Directors will use the performance evaluation results as a reference for future selection or nomination of directors and individual directors' salaries and compensation.

d. The goal of strengthening powers of the Board of Directors (e.g., establishment of the Audit Committee, promotion of information transparency, etc.) and evaluation of the implementation in the current year and the most recent year:

(1) The goal of strengthening powers of the Board of Directors :

The Company has established our "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" in accordance with the regulations of the "Procedure for Board of Directors Meetings of Public Companies" to ensure compliance by the Board of Directors; And establish an audit committee and a compensation committee to assist the Board of Directors in fulfilling their supervisory responsibilities.

(2) Evaluation of the implementation :

1. Since the establishment of the Remuneration Committee in October 2011, the Company has been operating smoothly. One of the independent directors of the Company is an accountant, who discusses accounting policies, preparation of financial statements and reviews their rationality with the Finance and Accounting Department from time to time, and also makes relevant suggestions.
2. The number of hours of advanced studies for directors of this Company shall meet the requirements of the competent authority every year.
3. The Company appoints a special person to be responsible for company information disclosure and company website update, etc., so as to strengthen information disclosure of the board of directors.
4. On July 26th, 2022, the Company passed the resolution of the board of directors to establish the Audit Committee and formulate the "Organizational Rules of the Audit Committee".

2.3.2 State of the operation of the Audit Committee

1. The Audit Committee held 5(A) meetings in 2023, with independent directors attending as follows:

Title	Name	Attendance in person(B)	By proxy	Attendance rate in person(B/ A)	Note
Independent Director	Hui-Ling Fang	5	-	100	-
Independent Director	Cheng-Che Chiang	5	-	100	-
Independent Director	Yen-Hsun Chen	5	-	100	-
Independent Director	Yueh-Feng Chuang	5	-	100	-

Professional Qualifications and Experience of the Audit Committee :

Member	Professional Qualifications and Experience of the Audit Committee
Hui-Ling Fang	Department of Accounting, National Cheng Kung University, has a qualified professional certificate of accountant of R.O.C., once served as chief accountant and certified accountant of the Southern District Business Department of KPMG Taiwan, , served as an independent director of Jung Shing Wire Industry Co., Ltd., the independent director of Sen Tien Printing Factory Co., Ltd., and the independent director of Sheh Fung Screw Co., Ltd. ,has rich experience and ability in corporate governance and financial accounting.
Cheng-Che Chiang	Ph.D. in Enterprise Management at Ning'en University, previously held positions at Deloitte&Touch Management Consulting Co. and Johnson&Johnson Medical Taiwan, and is currently the Chair of the Department of Business Administration, CTBC University of Technology, with extensive experience and abilities in operational judgment, international market outlook, and management skills
Yen-Hsun Chen	Ph.D. in Mechanical Engineering from National Central University/Ph.D. in Business Administration from National Cheng Kung University. Previously served as the Director of the Information Management Department, College of Further Education at Far East University of Science and Technology, and currently serves as an Associate Professor and the Director of the Continuing Education Division at CTBC University of Technology. He has rich experience and abilities in operational judgment, international market outlook, and management abilities

Member	Professional Qualifications and Experience of the Audit Committee
Yueh-Feng Chuang	Master of Public Relations at the Institute of Journalism, Ball State University IN, USA, currently serving as the Dean of the International College of Kun Shan University of Science and Technology and the International Director of the International and Cross-Strait Exchange Office of Kun Shan University of Science and Technology, with rich experience and abilities in operational judgment, international market view, and management capabilities

Other matters to be recorded:

1. If the operation of the audit committee falls under any of the following circumstances: The audit committee meeting date, period, content of proposals, independent directors' objections, reservations or major recommendations, the results of the audit committee's resolutions, and the company's conduct of the audit committee's opinions should be stated.

a. Matters listed in Article 14-5 of the Securities and Exchange Act

Audit Committee session meeting date	Motion Content	Objections, reservations or major proposals of the Independent Directors	Resolution results of the Audit Committee	Company's handling of opinions of the Audit Committee
Session 1 The eighth meeting 2024.03.15	1. Acknowledged the case of final accounts list for 2023. 2. Acknowledged the case of surplus distribution in 2023. 3. Acknowledged the case of "Effectiveness Assessment of Internal Control System" and	None	After consultation by the Chairman, all attending members have no objections and the proposal has been passed	Submitted to the resolution of the eleventh Board of Directors of the 13th session and act in accordance with the resolution of the Board of Directors.

Audit Committee session meeting date	Motion Content	Objections, reservations or major proposals of the Independent Directors	Resolution results of the Audit Committee	Company's handling of opinions of the Audit Committee
	<p>"Statement of Internal Control System" in 2023.</p> <p>4. Assessment of the independence of certified public accountants and professional fees of CPAs.</p> <p>5. Amendments to certain Provisions of the "Audit Committee Charter".</p> <p>6. Amendment to certain provisions of the "Articles of Incorporation"</p> <p>7. Amendment to certain provisions of the "Rules of Procedure for Board of Directors Meetings "</p>			
Session 1	1. Approval of the			Submitted to the

Audit Committee session meeting date	Motion Content	Objections, reservations or major proposals of the Independent Directors	Resolution results of the Audit Committee	Company's handling of opinions of the Audit Committee
The ninth meeting 2024.05.08	Addition of Non-Assurance Services and the Related Independence Assessment Financial statement for the first quarter of 2024			resolution of the twelfth Board of Directors of the 13th session and act in accordance with the resolution of the Board of Directors.
Session 1 The tenth meeting 2024.08.09	1. In order to mitigate the risks associated with interest rate and exchange rate fluctuations, the Company has applied to E.SUN Bank for a hedging facility of USD 500,000. This authorization covers the purchase and sale of derivative financial instruments and the renewal of structured product contracts.			Submitted to the resolution of the thirteenth Board of Directors of the 13th session and act in accordance with the resolution of the Board of Directors.

Audit Committee session meeting date	Motion Content	Objections, reservations or major proposals of the Independent Directors	Resolution results of the Audit Committee	Company's handling of opinions of the Audit Committee
	2. Financial statement for the second quarter of 2024			
Session 1 The eleventh meeting 2024.9.27	Amendment to the "Articles of Incorporation"			Submitted to the resolution of the fourteenth Board of Directors of the 13th session and act in accordance with the resolution of the Board of Directors.
Session 1 The twelfth meeting 2024.11.08	<ol style="list-style-type: none"> 1. Approval of the Replacement of the Certified Public Accountant Starting from the Fourth Quarter of 2024 2. Approval of the List of Non-Assurance Services and the Related Independence Assessment for Fiscal Year 2025 			Submitted to the resolution of the fifteenth Board of Directors of the 13th session and act in accordance with the resolution of the Board of Directors.

Audit Committee session meeting date	Motion Content	Objections, reservations or major proposals of the Independent Directors	Resolution results of the Audit Committee	Company's handling of opinions of the Audit Committee
	3. Financial statements for the third quarter of 2024 4. Proposal for the Addition of Sustainability Information Management Provisions			

- b. Other than the aforementioned matters, other matters for resolution are approved by two-thirds or more of the entire Board of Directors but the Audit Committee: None
- 2. For the situation where an Independent Director avoids motion related to his/her own interests: None
- 3. Communications between the Independent Directors and the internal auditing officers, and the CPAs (communications including significant matters, methods, results, and etc., regarding the Company financial and business status):
 - a. The internal audit supervisor of the Company regularly communicates the audit report results with the audit committee members. If there are special circumstances, they will also report to the audit committee members immediately. There are no special circumstances this year, and the communication between our audit committee and the internal audit supervisor is good.
 - b. The Company's certified accountants report the results of financial statement audit and other communication matters required by relevant laws and regulations at the first audit committee meeting in the year, and report the annual

financial statement audit plan and important securities management laws and regulations update at the last audit committee meeting in the year. In case of special circumstances, they will also report to the members of the audit committee immediately. There are no special circumstances this year, and the communication between the audit committee and accountants of the Company is good.

2.3.3 Corporate Governance Implementation Status, its Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
1. Does the company establish and disclose the corporate governance best-practice principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?”	✓		The Company has established its Corporate Governance Practice Guidelines in accordance with the Corporate Governance Best Practice Principles for Listed Companies, and these guidelines are disclosed on the Company's website and the Market Observation Post System (MOPS)."	None
2. The Company’s Shareholding Structure and Shareholder Equity (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement it, based on the procedure?	✓		(1) Although the Company does not have an internal operating procedure for the review standards and procedures for accepting shareholder proposals at regular shareholders' meetings, it has already disclosed the "announcement, review standards, and procedures for accepting shareholder proposals" when processing the "announcement of convening a	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			regular shareholders' meeting" at MOPS. And there are spokespersons and proxy spokespersons, and contact information is disclosed on our company's website and MOPS. Shareholders can express their opinions through phone or email, and our company will handle it according to relevant operating methods.	
(2) Does the company have control of the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) This Company consigns the stock affairs agency to deal with the shareholders’ related affairs; we have control of the major shareholder in accordance with the shareholders roster in the stock affairs agency; we also declare on a regular basis the shareholding variation of the directors, managers, and those major shareholders with more than 10% shareholding.	None
(3) Does the company establish and execute the risk management and firewall system among the affiliates?	✓		(3) The Company and affiliated enterprises operate independently, and each operates in accordance with relevant laws and regulations and internal control systems.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason
	Yes	No	Summary Description	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4) The Company has established management procedures to prevent insider trading, which prohibit insiders from using undisclosed market information to trade securities. Insiders are also prohibited from trading the Company’s shares during blackout periods – specifically, 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of the quarterly financial statements. Furthermore, insiders are forbidden from disclosing undisclosed information to external parties or engaging in insider trading in collaboration with others based on such information."	None
3. Composition and Responsibilities of the Board of Directors				
(1) Does the board of directors formulate diversity policies, specific management objectives and implement them?	✓		(1) 1. When setting the composition of the board of directors, the Company will consider multiple aspects and formulate a diversified policy of basic conditions and professional knowledge and skills based on its own operation, operational style, and development needs. All appointments will be in	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason
	Yes	No	Summary Description	
			<p>accordance with the principles of corporate governance and the "Director and Supervisor Selection Process" to ensure the diversity and independence of the board members.</p> <p>2. Based on the current operating scale and development needs, our company has set up 7 directors (including 4 independent directors) with professional backgrounds covering industries, academia, finance, accounting, business management, and other fields, to implement the policy of diversified composition of board members. The list of members of the 13th Board of Directors includes 4 independent directors, except for 1 who is female. Chong-Yi Lin have expertise in business management, leadership decision-making, international market view, industry knowledge, and operational judgment, including directors ; Independent directors Cheng-Che Chiang, Yen-Hsun Chen, and Yueh-Feng Chuang have operational judgment, international market outlook, and management skills. Independent directors Hui-Ling Fang and</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason
	Yes	No	Summary Description	
			<p>Chih-Lung Lin have accounting and financial analysis abilities. Board members can provide professional opinions from different perspectives, which is helpful for the company's business development and corporate governance.</p> <p>3. Diversified management objectives: Continue to promote the goal of having more than half of independent directors shall not exceed three terms; In addition, in order to implement the diversification goal of directors in the field of industrial knowledge, the ratio of professionals in the field of industrial knowledge is targeted at more than 40%. Board members actively attend board meeting, with an attendance rate of 100% in 2024, and effectively supervise and understand the execution of the plan.</p> <p>4. Currently, there are four independent directors, accounting for 57.14% of the total number of independent directors in the company. Independent directors, except for Hui-Ling Fang, who has rich professional financial and accounting experience and is able to provide timely</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			<p>professional advice and judgment, and has made outstanding contributions to the improvement of corporate governance, still rely on her professional guidance. All other independent directors have not served more than three consecutive terms. Currently, there are 6 directors, including 1 professionals in the field of industrial knowledge, with a ratio of 16.67%; Currently, only one director concurrently serves as a managerial officer of the Company, which does not exceed one-third of the total number of board seats.</p>	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		(2) The Company has a compensation committee and an audit committee, with 3 and 4 members respectively, all of whom are independent directors. In the future, we also plan to gradually improve various functional committees.	None
(3) Does the company establish the evaluation rules and method for the performance of the Board of Directors in order to conduct the performance evaluation on a regular basis each year and submit its results with the Board of Directors for reference to	✓		(3) The Company has formulated the "Performance Evaluation Measures for the Board of Directors", which stipulates that the board of directors shall conduct performance evaluation for internal directors at least once a year. During the internal evaluation period of the board of directors, the	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
determine the individual director’s salary & remuneration and nomination for reelection?			<p>performance evaluation of the board of directors shall be conducted at the end of each year.</p> <p>The measurement items for the performance evaluation of our company's board of directors include the following five aspects:</p> <ul style="list-style-type: none"> a. Degree of participation in company operations b. Quality of board decision-making c. Composition and structure of the board of directors d. Selection and Continuing Education of Directors e. Internal control <p>The measurement items for self-performance evaluation of board members include the following six aspects:</p> <ul style="list-style-type: none"> a. Mastering company goals and tasks b. Recognition of Directors' Responsibilities c. Degree of participation in company operations d. Internal relationship management and communication e. Professional and Continuing Education of Directors f. Internal control 	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			<p>The performance evaluation project of the functional committee includes the following four aspects:</p> <ul style="list-style-type: none"> a. Degree of participation in company operations b. Functional Committee Responsibility Awareness c. Improve the decision-making quality of functional committees d. Composition and member selection of functional committees <p>The evaluation method was carried out by questionnaire, including the internal self-evaluation of the board of directors, the self-evaluation of the members of the directors and the internal self-evaluation of the functional committee. The results of the self-evaluation of the performance of the board of directors in the year 2024 and the self-evaluation results of the functional committee were submitted to the Board of Directors on March 14, 2025, and the evaluation results were all between agree and strongly agree.</p>	
(4) Does the company regularly evaluate CPAs' independence?	✓		(4) The Company conducts an annual self-assessment of the independence of the CPA,	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason												
	Yes	No	Summary Description													
			<p>which has been reviewed and approved by the audit committee, and submitted to the board of directors on March 14th, 2025. After evaluation by the Company, CPA Meng-Kuei Yu, and Keng-Shi Chang from Deloitte & Touche both meet the Company's independence evaluation standards (Note 1) and are qualified to serve as the Company's CPA. They have obtained a detached independence statement on 2025.03.14 and AQI information from the accounting firm on 2025.03.</p> <table border="1"> <tr> <td>evaluation items</td> <td>eval ua-ti on resu lt</td> <td>Meet the requirem ents of independ ence</td> </tr> <tr> <td>Does the accountant have a significant financial interest in the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Does the accountant have any inappropriate relationship with the Company?</td> <td>No</td> <td>Yes</td> </tr> <tr> <td>Does the accountant engage in</td> <td>No</td> <td>Yes</td> </tr> </table>	evaluation items	eval ua-ti on resu lt	Meet the requirem ents of independ ence	Does the accountant have a significant financial interest in the Company?	No	Yes	Does the accountant have any inappropriate relationship with the Company?	No	Yes	Does the accountant engage in	No	Yes	
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Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			financing or guarantee activities with the Company?	
			Does the accountant have a close business relationship and potential employment relationship with the Company?	No Yes
			Have the accountants and their audit team members currently or in the past two years held any positions as directors, managers, or those that have a significant impact on the audit work in the Company?	No Yes
			Does the accountant have a family relationship with a director, manager, or person who has a significant impact on the audit case of the Company?	No Yes
			Has the CPA been subject to disciplinary action or any circumstance that undermines their independence?	No Yes

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
4. Do TWSE/TPEX listed companies establish the eligible corporate governance personnel in proper number of persons and appoint the chief corporate governance officer, to take the responsibility for the related corporate governance affairs (including but not limited to providing the directors and supervisors with information required for the business execution, helping the directors and supervisors comply with the acts, handling the related matters of the meetings of the Board of Directors and the Board of Shareholders, preparing their proceedings, etc.)?	✓		<p>The company passed the resolution of the board of directors on May 8, 2023 to appoint the company’s corporate governance supervisor. He has many years of relevant management experience in the position of financial manager of publicly issued companies and is responsible for assisting in handling company legal and regulatory compliance affairs, including providing directors with necessary information for business execution, handling matters related to meetings of the Board of Directors, committees, and shareholders' meetings, and making meeting minutes.</p> <p>The company registration and change registration of our company will be collected by the Chairman's Office and assisted by a CPA.</p> <p>The business execution status for the year 2024 is as follows:</p> <ol style="list-style-type: none"> (1) It serves as the main liaison window between directors and the Company. (2) Assist independent directors and general directors in performing their duties, provide necessary information, and arrange for board training. (3) Assist in complying with the procedures and 	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reason
	Yes	No	Summary Description	
			<p>resolutions of the board of directors and shareholders' meetings. If there is a need for interest avoidance in the agenda, a prior reminder will be given.</p> <p>(4) Handle matters related to meetings of the board of directors, committees, and shareholders' meetings, and complete the production of minutes within 20 days after the meeting.</p>	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers, etc.) and properly respond to the important issues they are concerned with in terms of corporate social responsibilities?	✓		<p>(1) The Company has spokespersons and acting spokespersons as communication channels between the company and stakeholders. Usually, dedicated personnel from relevant departments are responsible for communication with stakeholders (including banks, shareholders, employees, customers, and suppliers), and an E-Mail with a spokesperson system is set up on the company's website to facilitate communication between stakeholders and respond appropriately to their concerns.</p> <p>The Company has completed the establishment of the stakeholder section on its website by the end of 2015</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			(2) The Company has various meetings to encourage employees to exchange opinions and communicate with management, and sets up exclusive email and whistleblower channels for employees to reflect their opinions and provide suggestions through email, maintaining close interaction with employees.	
6. Does the company appoint a professional shareholder service agency to deal with the shareholder affairs?	✓		The Company appoints a professional stock affairs agency - Stock Affairs Agency Department of Capital Securities Corp. to handle various stock affairs on behalf of us. In addition, the internal control system has formulated relevant procedures and regulations for stock affairs.	None
7. Information Disclosure (1) Does the company set up the website to disclose the information regarding finance, sales and corporate governance?	✓		(1) The Company reports and announces various financial and corporate governance information at MOPS in accordance with regulations, and simultaneously exposes it in the shareholder column section of the company's website.	None
(2) Does the company adopt other information disclosure methods (e.g. building an English website, appointing the designated person to handle the	✓		(2) The Company has a dedicated unit responsible for collecting and disclosing various information, and has established a spokesperson system to periodically promote the Company's external	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
information collection and disclosure, creating a spokesman system, webcasting the institutional investor conferences, etc.)?			speaking system to all colleagues as a specific personnel to implement the spokesperson system. The spokesperson and acting spokesperson are responsible for external speaking, communication of financial and business information.	
(3) Does the company publish and file the annual financial reports within two months at the end of the fiscal year and republish and report Q1, Q2 & Q3 financial reports and each month’s operational status within the specified deadline?	✓		(3) Although the Company has not announced its financial report within two months of the end of the year, it still announces and reports its quarterly financial reports and monthly operating conditions in accordance with the deadline specified by the supervisor.	None
8. Is there any other important information to facilitate a better understanding of the corporate governance practices (including but not limited to employee rights, care for employees, investor relations, supplier relations, rights of stakeholders, conditions of the directors’ & supervisors’ further study, execution conditions of risk management policy as well as risk measurement standards, execution conditions of customer policy,	✓		(1) Employee Rights and Employee Care: a. The Company formulates work rules and employee manuals in accordance with laws and regulations, and explicitly includes human rights, employee rights, and obligations in the regulations. b. Employees shall be protected from harassment and illegal discrimination. Any employee or candidate shall not be discriminated against by gender, race, religion, nationality, age and other	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
conditions where the company purchases the liability insurance for the directors and supervisors, etc.)?			<p>factors. All employees shall be protected by the Act of Gender Equality.</p> <p>c. We always attach great importance to the working environment and rights of employees. In addition to establishing an employee welfare committee to fully implement various welfare measures, we also actively organize education and training to enable employees and the company to grow together.</p> <p>(2) Investor Relations, Supplier Relations, and Rights of Stakeholders: To maintain good interaction with stakeholders such as shareholders, banks, customers, suppliers and employees through communication channels, in order to create value-added products, improve the company's business results, operating efficiency and provide employees with a safe and comfortable working environment, the company will continue to strive for the realization of corporate social responsibility.</p>	
			(3) Status of Directors and Further Education: According to the " Directions for the Implementation	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason																		
	Yes	No	Summary Description																			
			<p>of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies", the continuing education status for directors and supervisors in the year 2024 is as follows :</p> <table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Organizer</th> <th>Course Name</th> <th>Training hours</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Chairman</td> <td rowspan="2">Chong-Yi Lin</td> <td>Taiwan Corporate Governance Association</td> <td>Digital Risk Management, Internal Controls, and Digital Governance</td> <td>three hours</td> </tr> <tr> <td>Taiwan Corporate Governance Association</td> <td>Corporate and Major Shareholder Taxation Issues</td> <td>three hours</td> </tr> <tr> <td>Director</td> <td>Chih-Lung</td> <td>Taiwan Investor</td> <td>Carbon Exchange and ESG Strategies:</td> <td>three hours</td> </tr> </tbody> </table>	Title	Name	Organizer	Course Name	Training hours	Chairman	Chong-Yi Lin	Taiwan Corporate Governance Association	Digital Risk Management, Internal Controls, and Digital Governance	three hours	Taiwan Corporate Governance Association	Corporate and Major Shareholder Taxation Issues	three hours	Director	Chih-Lung	Taiwan Investor	Carbon Exchange and ESG Strategies:	three hours	
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			(4) Implementation of risk management policies and																						

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason					
	Yes	No	Summary Description						
			<p>risk measurement standards: In accordance with the company's risk management policies and measurement standards, the internal control system is formulated, and the audit office will draw up an annual audit plan based on the risk assessment results, implement the audit of internal control deficiencies and anomalies, and continue to track the improvement of deficiencies.</p> <p>(5) Implementation of customer policies: Under the customer-oriented policy, relevant procedures are formulated in accordance with the legal spirit of the Consumer Protection Law to provide customer product warranty and after-sales service.</p> <p>(6) The situation where the company purchases liability insurance for directors and supervisors: The Company has purchased 'Director, Supervisor, and Manager Liability Insurance' for all directors and reported it to the board of directors on November 7, 2023 and November 8, 2024, respectively.</p>						
			<table border="1"> <tr> <td>Insurance</td> <td>Insurance</td> <td>Insurance</td> <td>Coverage</td> <td>Insura-</td> </tr> </table>	Insurance	Insurance	Insurance	Coverage	Insura-	
Insurance	Insurance	Insurance	Coverage	Insura-					

Evaluation Item	Implementation Status					Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason	
	Yes	No	Summary Description				
			company	amount (NTD)	period	Insurance nce rate	
			AIG Taiwan	96,000,000	2023.11.01~2024.11.1	1. Claims for securities compensation 2. Claims for compensation for improper employment behavior	100,000
			AIG Taiwan	96,000,000	2024.11.01~2025.11.1	1. Claims for securities compensation	100,000

Evaluation Item	Implementation Status						Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description				
						2. Claims for compensation for improper employment behavior	
<p>9. Please describe the improvement status, based on the corporate governance assessment results, published by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose the matters to be strengthened on a priority basis and measures. The company is actively consistent with the company’s current actual situations to further improve the evaluation results, for example, the evaluation of the CPA’s independence; besides the items to be enhanced on a priority basis is the matters related to the disclosure of the annual report, etc.</p> <p>The Company has not commissioned a professional organization to issue an evaluation report, but we have independently evaluated the compliance with corporate governance and plan to improve it step by step. Priority improvements will be given to the following scored items:</p> <p>(1) It is planned to develop a succession plan for board members and important management, and gradually implement a plan to enhance the effectiveness of the board of directors and strengthen the future management team.</p> <p>(2) Continuously establish the information security organizational structure, information security policies, and specific plans.</p>							

Evaluation Item	Implementation Status		Summary Description	Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No		
(3) Improvement Actions for Unscored Indicators: 2024 Report on Individual Director Compensation for the Shareholders' Meeting (4) Continuously evaluate the feasibility of future improvements for corporate governance evaluation projects that have not yet scored, and gradually carry out improvements.				

2.3.4 Composition, Responsibilities, and Operation of the Remuneration Committee :

1. Information of Members of the Remuneration Committee

2024.03.31

Type of Status (Note 1) Name	Criteria	Qualifications and Experiences (Note 2)	Independent Status (Note 3)	Number of Other Public Listed Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director	Hui-Ling Fang	Department of Accounting, National Cheng Kung University, has a qualified professional certificate of accountant of R.O.C., once served as chief accountant and certified accountant of the Southern District Business Department of KPMG Taiwan, , served as an independent director of Jung Shing Wire Industry Co., Ltd., the independent director of Sen Tien Printing Factory Co., Ltd., and the independent director of Sheh Fung Screw Co., Ltd. ,has rich experience and ability in corporate governance and financial accounting.	In accordance with the provisions of the articles of association and the Code of Practice for Corporate Governance of the Company, directors are elected through the candidate nomination system. When nominating and selecting members of the board of directors, the Company has obtained a written statement, educational background, experience, and employment certificate from the directors, and has not met the requirements	3

Type of Status (Note 1) Name	Criteria	Qualifications and Experiences (Note 2)	Independent Status (Note 3)	Number of Other Public Listed Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director	Cheng-Che Chiang	Ph.D. in Enterprise Management at Ning'en University, previously held positions at Deloitte&Touch Management Consulting Co. and Johnson&Johnson Medical Taiwan, and is currently the Chair of the Department of Business Administration at CTBC University of Technology. He has rich experience and abilities in operational judgment, international market outlook, and management abilities	of Article 26-3, paragraphs 3 and 4 of the Securities and Exchange Act; And it has been verified that the three independent directors listed below meet the qualification requirements set forth in Article 14-2 of the Securities and Exchange Act and the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies”	0

Type of Status (Note 1) Name	Criteria	Qualifications and Experiences (Note 2)	Independent Status (Note 3)	Number of Other Public Listed Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Independent Director	Yen-Hsun Chen	Ph.D. in Mechanical Engineering from National Central University/Ph.D. in Business Administration from National Cheng Kung University. Previously served as the Director of the Information Management Department, College of Further Education at Far East University of Science and Technology, and currently serves as an Associate Professor and Director of the Division of Continuing Education at CTBC University of Technology. He has rich experience and abilities in operational judgment, international market outlook, and management abilities		0

2. Information of Implementation of the Remuneration Committee

- (1) The company's and Remuneration Committee is composed of three committee members.
- (2) Tenure of Office for this term's Committeemen: From July 26, 2022 to June 13, 2025; three times (A) meeting was held by the Remuneration Committee in the most recent year and the conditions of attendance for the committeemen were as follows:

Title	Name	Frequency of Attendance in Person (B)	Frequency of Attendance by Proxy	Rate of Attendance in Person(%) (B/A)	Remark
Convener	Hui-Ling Fang	3	0	100	Not Applicable
Committee member	Cheng-Che Chiang	3	0	100	Not Applicable
Committee member	Yen-Hsun Chen	3	0	100	Not Applicable

Other items to be specified:

1. If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, specify the date, period, content of the proposal, resolution results of the Board of Directors, and the c\Company's handling of the opinions of the Remuneration Committee (if the salary and compensation passed by the Board of Directors are better than the suggestions of the Remuneration Committee, specify the differences and reasons): There is no such situation.
2. If the member makes an objection or reserves opinions, accompanied with the records or written statement concerning the Remuneration Committee's items of resolution, the dates, sessions, contents of motions, all members' opinions and response to the members' opinions should be specified.
- 3.

Remuneration Committee	The content of motion and its follow-up treatment	Resolution result	The Company's Response to the Remuneration Committee's Opinions
The sixth meeting of the fifth session 2024.08.09	Adjustment to the Stipends for Directors' and Independent Directors' Meeting Participation	Approved by all members of the committee	Submitted to the board of directors and approved by all directors present

	The seventh meeting of the fifth session 2024.11.08	Proposal for 2024 Year-End Bonuses for Executives/Managers	Approved by all members of the committee	Submitted to the board of directors and approved by all directors present
	The eighth meeting of the fifth session 2025.03.14	<ol style="list-style-type: none"> 1. 2024 Employee and Director Remuneration: Total Amount and Payment Method 2. Remuneration Distribution Plan for Directors and Managers. For the year 2024 3. Manager Salary Adjustment Plan for the year 2025 4. Proposal to Define the Scope of Entry-Level Employees of the Company 	Approved by all members of the committee	Submitted to the board of directors and approved by all directors present

2.3.5 Implemented sustainable development promotion and the deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
1. Does the Company establish a governance structure to promote sustainable development, and set up a designated full-time (or part-time) unit to promote Sustainable Development, and the Board of Directors authorizes senior management to handle this and the Board of Directors supervises the situation?	✓		The corporate governance structure for promoting and sustainable development of the Company is composed of the President as the general convener, the Business Department, the Management Department, the Procurement Department, the Production Department, etc. The Board of Directors supervises and guides in accordance with the environmental, social and corporate governance issues of sustainable development. Regularly carry out appropriate control and review the performance in accordance with the principle of materiality, assist the company to improve the management performance of enterprise sustainable development through education, training, coaching and other means, and arrange meetings irregularly (at least once a year) to report the implementation results to senior executives or the board of directors. Please refer to Note 1 for	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			instructions on promoting the governance of members.	
2. Does the company conduct the risk evaluation on such issues of environment, society and corporate governance, related to the company’s operation, pursuant to the materiality principle and establish the relevant risk management policy or strategy? (Note 2)	✓		The Company implements corporate governance, conducts risk assessments on environmental, social, and corporate governance issues related to our operations, develops a sustainable environment, and maintains social welfare in accordance with the established "Code of Practice for Sustainable Development". An evaluation has been conducted to develop a risk management procedure to enhance the ability to quickly respond to risks, reduce losses, and continuously safeguard the interests of stakeholders. Its scope includes: environmental changes in enterprise operations, product development, production quality assurance, occupational safety and environmental management, etc. Please refer to Note 2 for instructions on formulating relevant risk management strategies and measures for major	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			issues.	
3. Environment Issues				
(1) Has the Company established an appropriate environmental management system based on its industry characteristics?	✓		(1) The Company is not engaged in an industry associated with environmental pollution. In addition to producing some products in-house, we prioritize outsourcing to qualified suppliers who have obtained ISO 14001 Environmental Management System certification. The Company complies with national environmental protection laws and regulations, and continuously promotes waste classification, reduction, and resource recycling. We also advocate for energy conservation, such as turning off lights when not in use, as part of our ongoing commitment to sustainable corporate development.	None
(2) Has the Company committed itself to improving energy efficiency and to using recycled materials with low impact on the	✓		(2) The Company is committed to developing and selling environmentally friendly products and packaging that meet	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
<p>environment?</p> <p>(3) Does the company evaluate the present and future potential risks and opportunities, which the climate change brings to the business, and adopt the countermeasures on the climate-related issues?</p>	✓		<p>environmental concepts such as "harmless", "reduced", "low-carbon", and "recyclable", in order to reduce the use of various resources and reduce the burden on the Earth and the environment.</p> <p>Utilize a document management system to fully digitize standardized documents, reduce paper usage, and promote paper reuse.</p> <p>Conduct battery recycling, garbage sorting, and reduction activities.</p> <p>(3) Climate change causes extreme weather. The Company will fully support the various energy-saving and carbon reduction environmental policies advocated by the government, and closely monitor the impact of climate change on operational activities. The following are the specific energy-saving and environmental protection measures of our company:</p> <ul style="list-style-type: none"> • The set temperature of the air conditioner is 27 °C • Turn off the lights casually 	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
(4) Does the Company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for greenhouse gas reduction, water reduction, or other waste management?		✓	<ul style="list-style-type: none"> • Water conservation • Encourage self-provision of tableware and water cups • Resource recycling and garbage classification • Purchase energy-saving lighting fixtures and replace old power consuming equipment <p>Please refer to pages 84 to 86 of this Annual Report for the implementation of climate related information.</p> <p>(4) The company counted the amount of greenhouse gas emissions. But the Company has not yet calculated the water usage, and total weight of waste in the past two years. However, the Company still cooperates with various energy-saving, carbon reduction, and environmental protection policies advocated by the government, and continues to promote paperless operations to reduce annual paper usage. The Company has established a</p>	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			carbon neutrality Committee in 2022 to report on the schedule of greenhouse gas inventory and verification to the Board of Directors on a quarterly basis, and will complete the carbon inventory and verification as scheduled according to the schedule requirements of the corporate governance blueprint.	
4. Social Issues				
(1) Does the Company established related policies and procedures in accordance with applicable legal rules and the International Convention on Human Rights?	✓		(1) The Company follows labor laws and regulations, formulates work rules, employee manuals, and other relevant personnel regulations to protect the rights and interests of employees.	None
(2) Does the company establish and implement the reasonable employee welfare measures (including remuneration, vacation and other welfares, etc.) and properly reflect its operation performance or results on the employee’ remuneration?	✓		(2) The Company has set working rules and relevant personnel management rules, covering the basic wages, working hours, leave, pension benefits, labor health insurance benefits, occupational disaster compensation, etc. of the employees of the Company are in line with the relevant provisions of the labor Standard Law. The establishment of a staff	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
(3) Does the company provide a safe and healthy working environment for employees, and organize training on health and safety for its employees on a regular basis?	✓		<p>Welfare Committee operated through a staff elected Welfare Committee to handle various welfare matters; The Company's remuneration policy is based on individual ability, contribution to the company, performance and business performance.</p> <p>(3) To provide a safe and healthy working environment for employees, our company adopts the following methods:</p> <ol style="list-style-type: none"> 1. The Company is equipped with emergency personnel and labor safety and health supervisors. 2. Conduct annual employee health checks, and the results will be communicated to colleagues by physicians. Health management tracking will be implemented for those with abnormal health conditions. 3. Provide on-site nursing services, assist colleagues in medical care and health consultation services. 4. Regularly inspect drinking water and maintain and disinfect water supply 	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
	✓		<p>equipment every year, providing employees with clean, safe and safe drinking water.</p> <p>5. Hold environmental safety and fire drills irregularly to enable employees to handle according to the emergency response plan and minimize the impact of disasters.</p> <p>Labor operation environment inspection To protect workers from the hazards of harmful substances in the workplace and provide a healthy and comfortable working environment, work environment testing is conducted twice a year to gradually understand the exposure status of workers.</p> <p>Number of occupational disasters in the current year and relevant improvement measures</p> <p>In the year 2024, there were 0 occupational disasters among company personnel, and the frequency of disability injuries was 0.</p> <p>Number of fires in the current year and relevant improvement measures</p>	

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
(4) Does the company provided effective training in career planning for employees?	✓		<p>In the year 2024, the number of fires in the Company's plants was 0, the number of casualties and the ratio of casualties to the total number of employees were 0.</p> <p>(4) The Company's management department has established a training plan for colleagues' career development, including new employee training, professional advanced training, supervisor training, etc. Through diversified learning methods, we provide complete education and training for colleagues to perform tasks in their work positions, and serve as a basis for performance evaluation for promotion. In 2024, there were a total of 430 hours of vocational training, with 171 participants participating in the training.</p>	None
(5) Does the company comply with the related regulations and international standards pertinent to the customers’ health and safety, customers’ privacy, marketing and labeling, of the product & service, and establish the policy and appealing procedures related to the	✓		<p>(5) The products sold by our company have been labeled with safety regulations or energy-saving labels in accordance with relevant regulations and international standards, and consumers can clearly identify and use them with peace of mind. In</p>	None

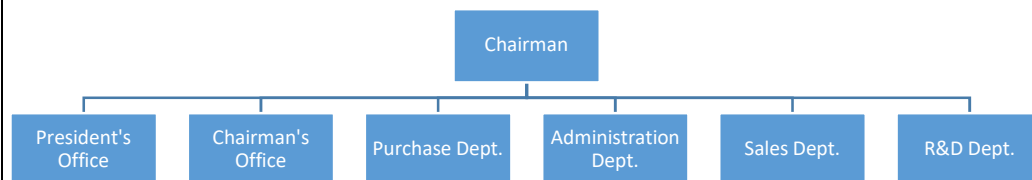
Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
<p>protection of the consumer or client’s rights?</p> <p>(6) Does the company establish the supplier management policy and request the suppliers to comply with the related regulations on such issues as environmental protection, occupational safety and health or labor human rights as well as the implementation status?</p>	✓		<p>addition, in order to protect consumer rights and interests, we provide product warranty and after-sales services, standardize customer complaint handling processes, provide dedicated services, and establish processing standards and operational timelines. We regularly review the implementation effectiveness, and implement the goals of product improvement and service enhancement.</p> <p>The Company passes the ISO9001 quality management system certification every year and has established a quality policy to ensure the effective implementation of the quality management system, in order to improve product quality and meet customer needs.</p> <p>(6) The Company evaluates its suppliers according to the "Procurement and Supplier Management Procedure", and only those who pass the evaluation can become partners. The company attaches importance to the</p>	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			<p>environment and society, and chooses honest and trustworthy suppliers to cooperate, so as to fulfill its corporate social responsibility. If the main supplier of the Company is involved in violating its corporate social responsibility policy and has a significant impact on the environment and society, it may terminate or terminate the contract at any time.</p> <p>The Company conducts evaluations of key suppliers at least once a year, continuously improve the supply chain management system, discuss with suppliers irregularly, and jointly improve quality based on cooperation and implement the requirements of sustainability in the daily management of the supply chain.</p>	
5. Does the company refer to the international standards or guidelines for the preparation of reports to prepare such reports as the corporate sustainability report which disclose the information other than finance? Does the		✓	The Company plans to publish its 2024 Sustainability Report in August 2025. The report will be prepared in accordance with the Core Option of the Global Reporting Initiative (GRI) Standards. At present, external assurance is not	None

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
foregoing report obtain the assurance or guarantee opinions from the third party verification unit?			planned; however, the Company will evaluate the need for obtaining assurance or verification opinions from an independent third party in the future based on actual circumstances.	
<p>6. If the company has established its sustainable development best practice principles according to “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the operational status and differences: The Company has a code of practice for sustainable development. While pursuing sustainable operation and profitability, it also attaches importance to the balance of environmental protection, social responsibility and corporate governance. It will regularly review the implementation of the code for improvement. There has been no significant difference in the implementation so far.</p>				
<p>7. Other important information to help understand the implementation of sustainable development:</p> <p>(1) Environmental protection:</p> <p>a. The Company attaches importance to energy conservation and turns off the lights in public areas for one hour during the noon break; When holding internal meetings, it is necessary to carry a personal environmental cup and encourage the use of environmental chopsticks to save energy in a practical way.</p> <p>b. The Company's products have passed product certifications for platinum, gold, silver, and copper medals issued by the international 80 PLUS organization. The webpage query link is: http://www.plugloadsolutions.com/80PlusP_lowerSuppliesDetail.aspx?id=73&type=2</p> <p>c. Actively promote electronic homework and reduce paper usage.</p> <p>d. When adding new lighting fixtures, purchase energy-saving and energy-saving lighting fixtures, and gradually replace old and outdated power consuming equipment.</p> <p>(2) Community participation and social welfare: Regularly participate in social welfare group activities, such as organizing flea donation</p>				

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			<p>activities and bringing them to the nursery to share with the children in the hospital.</p> <p>(3) Social contribution: Cooperate with the blood donation center to hold irregular blood donation activities.</p> <p>(4) Consumer rights: There are dedicated personnel to handle customer complaints such as product warranty and after-sales service, and an official website section is set up to actively respond to the appeal needs of investors, suppliers, customers, and employees, in order to implement the protection of consumer rights.</p> <p>(5) Human rights: Our colleagues, regardless of gender, age, religion, or party affiliation, have equal opportunities for employment and promotion. The Company is committed to providing a good working environment to avoid discrimination against colleagues harassment.</p> <p>(6) Safety and Health: Conduct annual employee health checks and irregularly hold labor safety and health lectures and fire drills.</p> <p>(7) Other: Turn off the public area lights for one hour during the lunch break; When holding internal meetings, it is necessary to carry a personal environmental cup and encourage the use of environmental chopsticks to save energy in a practical way.</p> <p>(8) Other social responsibility activities: The Company's MOPS reporting operation is responsible by special personnel to collect and disclosure the company's information, and ensure that the information that may affect the decision of shareholders and stakeholders can be disclosed in a timely manner.</p>	
<p>Note 1: The Company's promotion of sustainable development:</p> <p>1. Promote sustainable development architecture</p>				

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	



2. Promote sustainable development governance

- (1) President’s Office: Set specific goals and periodically review whether strategic direction needs to be adjusted
- (2) Chairman's Office: To align with corporate governance trends, promote the functioning of the board of directors, and implement compliance with laws and regulations.
- (3) Purchase Department: do a good job in supply chain management and evaluate raw material procurement.
- (4) Administration Department: implement labor relations, employee health and safety, greenhouse gas emissions and waste management.
- (5) Sales Department: maintain customer privacy, customer satisfaction, and product life cycle management.
- (6) R&D Department: Improve product quality, innovate products, and develop new materials.

Note 2: Promote sustainable development risk assessment

Major issues	Risk assessment project	Risk management strategies and measures
Environment	Environmental	The Company has implemented energy-saving and carbon reduction policies and has planned to

Assessment Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
	protection, climate change		start investing in greenhouse gas inventory operations, with the goal of reducing carbon dioxide emissions year by year.	
Society	job/work safety		The Company adheres to safety and health related laws and regulations, regularly implements safety and health education, and holds "fire safety lectures" and training courses.	
Corporate governance	Socio-economy and legal compliance		Through the establishment of a governance structure and the implementation of internal control mechanisms, ensure that all personnel and operations of the Company comply with relevant laws and regulations.	

2.3.6 Climate-Related Information

1. Implementation of Climate-Related Information

Item	Implementation Status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>The Board of Directors is the highest governance unit of sustainable development. The President serves as the convener of the management level. The organization promoting sustainable development is composed of the, Chairman Office, President's Office, Sales Dept., and Sales Dept., and the Board of Directors supervises and direct the sustainable development related issues, including climate-related risks and opportunities. The management plans and implements such, and the results of implementation are reported to the Board of Directors from time to time every year.</p>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>Short-term: The domestic carbon fee/carbon tax, and foreign carbon tax levied lead to the increase of costs. It is necessary to develop or expand low-carbon products and services to enhance the positive image of the Company.</p> <p>Mid-term/ Long-term: The temperature rises, energy consumption increases, and electricity consumption increases, which may cause possible loss by interruption of operations. It is necessary to use more energy-saving equipment to improve production efficiency and increase recycling and reuse rates to reduce energy consumption.</p>
<p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p>The impact of extreme climate (flood, prolonged drought) and chronic climate trends on financial risks continues to promote the replacement of old equipment with energy-saving equipment, and increase the recycling</p>

Item	Implementation Status
	rate to reduce energy consumption.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	Through the greenhouse gas inventory, the Company grasps and manages the quantitative status of the overall emission, identifies material climate-related risks and opportunities," the responsible departments carry out risk control and risk management operation, and disclose, formulate the countermeasures. The regular reviews and the relevant results will be reported to the Board of Directors.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	The Company has not yet adopted the scenario analysis of climate change.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	The Company has no transformative actions for managing climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	The Company has not yet introduced internal carbon pricing.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	The Company has just started the greenhouse gas inventory and has no data of the base year, so no climate-related targets have been set.
9. Greenhouse gas inventory and assurance status and	The Company is not yet a company that meets certain criteria; therefore,

Item	Implementation Status
reduction targets, strategy, and concrete action plan.	it is not applicable.

2.3.7 Performance Status of Ethical Corporate Management, its Deviations from “the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies” and Reason:

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
1. Establish Ethical Corporate Management Policy and Program				
(1) Does the company establish the ethical corporate management policy, passed by the Board of Directors and expressly indicate the policy and practice in the regulations and external documents and are the Board of Directors & the high-ranking management personnel committed to carrying out the operational policy?	✓		(1) The company has established the "Code of Integrity Management" and "Code of Ethical Conduct" and disclosed them on our company website; In addition to serving as the basis for implementing honest business operations, and thereby expressing the policies and practices of honest business operations, as well as the commitment of the board of directors and management to actively implement business policies.	None
(2) Does the company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular	✓		(2) The Company explicitly prohibits the provision of illegal political donations and facilitation fees, avoidance of interests, avoidance of transactions with dishonest	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
<p>basis business activities within its business scope which are at a higher risk of being involved in unethical conduct, and establish prevention of immoral conduct programs accordingly, covering at least the prevention measures of the conduct, as prescribed in each subparagraph of Paragraph 2, Article 7 of the “Ethical Corporate Management Principles for the TWSE/TPEX Listed Companies”?</p> <p>(3) Does the company clearly stipulate the processing procedures, conduct guideline, and violation discipline & complaint system, carry out the execution and review & revise the above-described program on a regular basis?</p>	✓		<p>operators, disclosure of company business secrets, and avoidance of insider trading in the "Code of Integrity Management." We also include integrity management in employee performance evaluations to strengthen the implementation of integrity management policies.</p> <p>(3) To cooperate with the establishment of the "Code of Integrity Management" and establish the "Code of Ethical Conduct" as the basis for implementing the Code of Conduct for Integrity. If any suspected violations of laws or regulations are found, there is also a reporting mechanism and relevant provisions for disciplinary action.</p>	None
<p>2. Implementation of Ethical Corporate Management</p> <p>(1) Does the company evaluate the business partners’ ethical records and expressly</p>	✓		<p>(1) When the Company signs a contract with others, the content should include compliance</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
stipulate the clause of ethical conduct in contracts, signed with them?			with the integrity management policy. If either party engages in dishonest behavior in commercial activities, the other party may unconditionally terminate or terminate the contract at any time.	
(2) Does the company set up the exclusively (concurrently dedicated unit, subordinated with the Board of Directors, to implement ethical corporate management and regularly report its ethical corporate management policy, the prevention of immoral conduct programs as well as the supervision & execution status with the Board of Directors?	✓		(2) The administration department is responsible for formulating integrity management policies. If any dishonest behavior is found, the handling method and subsequent review and improvement measures should be reported to the Board of Directors.	None
(3) Does the company establish the conflict of interest prevention policy, provide the adequate appealing channel, and carry out the execution?	✓		(3) Established as a “Code of Ethical Conduct,” providing appropriate channels for directors, supervisors, and managers to proactively explain whether they have any potential conflicts of interest with the Company	None
(4) Does the company build up an effective accounting system and an internal control	✓		(4) In addition to establishing the "Code of Integrity Management" and the "Code of	None

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies" and Reason
	Yes	No	Summary Description	
<p>system for the implementation of the ethical corporate management and does its internal audit unit draw up the related audit plan, based on the evaluation results of the immoral conduct risk and further audit the compliance conditions of the immoral conduct prevention program or assign the CPA to execute audit?.</p> <p>(5) Does the company regularly conduct the internal and external educational training in respect of ethical corporate management?</p>	✓		<p>Ethical Conduct" to regulate the behavior of management and employees, the Company has also developed operational procedures to prevent insider trading to ensure the implementation of the integrity management policy. Internal auditors periodically inspect the compliance with laws and regulations. If reports are received, appropriate measures or legal procedures should be taken to review and ensure the continuous effectiveness of system design and implementation.</p> <p>(5) The Company has established the "Code of Integrity Management" and the "Code of Ethical Conduct", which are regularly promoted during the monthly staff meeting to implement.</p>	None
<p>3. Operation of the integrity channel</p> <p>(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for</p>	✓		<p>(1) Company employees: The Company has an employee opinion box and an online opinion response box, and the administration department is responsible for establishing a</p>	None

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
<p>follow-up?</p> <p>(2) Does the company establish the standard processing procedures for investigation of accepted reporting matters, the follow-up measures to be adopted after completion of investigation and related confidentiality mechanism?</p> <p>(3) Does the company adopt the measure wherein the reporter can be protected so that he/she would not be treated improperly due to the reporting?</p>	<p>✓</p> <p>✓</p>		<p>reporting channel and handling related affairs that violate integrity management.</p> <p>External personnel of the company: The Company has a complaint mailbox for stakeholders on the company website. The supervisor and audit supervisor are responsible for accepting suggestions and appeals raised by stakeholders.</p> <p>(2) To encourage reporting, colleagues should report to appropriate personnel, such as independent directors, managers, and internal audit supervisors, if they suspect or find violations of laws and regulations or ethical conduct</p> <p>(3) The Company will handle the reported and reported cases in a confidential manner and make every effort to protect the safety of the informant from retaliation or improper disposal.</p>	<p>None</p> <p>None</p>
<p>4. Strengthening Information Disclosure</p> <p>Does the company disclose the contents of</p>	<p>✓</p>		<p>The Company has disclosed the "Code of Integrity Management" and "Code of Ethical</p>	<p>None</p>

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
ethical corporate management it establishes as well as the implementation effectiveness in its website and the Market Observation Post System?			Conduct" at the MOPS, and has also advocated for the Company's integrity management policy and disclosed relevant operating standards to colleagues on our internal website.	
5. If the company has established its own ethical corporate management principles pursuant to the “Ethical Corporate Management Principles for TWSE/TPEX Listed Companies”, please describe the implementation and its variance from the said principles: None				
6. Other important information which is helpful for understanding the implementation of the ethical corporate management: (For example, the company reviews and revises its established ethical corporate management principles				
<p>(1) In order to implement honest business operations, our company strictly complies with the Company Act, the Securities and Exchange Act, and the laws and regulations that listed companies should comply with.</p> <p>(2) In order to enhance the effectiveness of corporate governance, the Company has taken into account the " Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies " and the " Guidelines for the Adoption of Codes of Ethical Conduct for TWSE/GTSM Listed Companies" to update our "Code of Integrity Management " and "Code of Ethical Conduct", and to educate and advocate for the board of directors, management, and all colleagues.</p> <p>(3) The Company's "Management Procedure for Preventing Insider Trading" has relevant regulations for the "Operating Procedure for Major Information Processing", with excerpts as follows:</p> <p>a. The handling and disclosure of significant internal information shall be carried out in accordance with relevant laws, orders, and the provisions of these operating procedures.</p> <p>b. Directors, supervisors, managers, and employees shall exercise the care and loyalty of good managers, adhere to the principle of honesty and trustworthiness, and sign confidentiality agreements. They shall not disclose their knowledge of internal significant information to others, nor shall they inquire or collect non-public internal significant information unrelated to their personal duties</p>				

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
			<p>from those who have knowledge of internal significant information, For internal significant information that has not been disclosed due to non-business operations, it shall not be disclosed to others.</p> <p>c. Institutions or personnel outside of the Company who participate in mergers and acquisitions, important memorandums, strategic alliances, other business cooperation plans, or important contracts shall sign confidentiality agreements and shall not disclose any significant internal information to others.</p> <p>d. Disclosure of significant internal information to the public should adhere to the following principles:</p> <p>(a) The disclosure of information should be accurate, complete, and timely.</p> <p>(b) The disclosure of information should be based on evidence.</p> <p>(c) Information should be fairly disclosed.</p> <p>e. Disclosure of significant internal information shall be handled by the spokesperson or acting spokesperson, and the order of agency shall be confirmed, unless otherwise provided by law or regulations.</p> <p>f. The content of speeches by spokespersons and acting spokespersons shall be limited to the scope authorized by our company, and no personnel other than the person in charge, spokesperson, or acting spokesperson shall disclose significant internal information to the public without authorization.</p> <p>g. If the content reported by the media does not match the content disclosed by our company, it should be immediately clarified at the public information observation station and corrected by the media.</p> <p>h. Publish internal announcements every year and periodically educate and advocate directors, supervisors, managers, and employees on these operating procedures or relevant laws and regulations to avoid their violation and insider trading behavior.</p> <p>(4) The Company conducts education, training, communication and publicity from time to time, and when signing contracts with commercial manufacturers, it has incorporated the Company's honest management policies and the penalty clauses for violating dishonest behaviors into the contracts, so that they can fully understand the Company's determination and execution in honest</p>	

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Principles for TWSE/TPEX Listed Companies” and Reason
	Yes	No	Summary Description	
management and corporate governance.				

2.3.8 Other important information that is sufficient to enhance understanding of corporate governance operations:

In order to continuously implement and promote the operation of corporate governance, the Company currently has four independent directors participating in the board of directors to strengthen its functions and protect the rights and interests of shareholders and stakeholders. The Company will upload the relevant regulations on corporate governance to the MOPS for investors to download and refer to, and comply with relevant laws and regulations to timely disclose significant information or announcements to the public, in order to enhance the transparency of corporate governance and information disclosure.

2.3.9 Implementation status of internal control system:

(1) Statement of Internal Control System

For details, please visit the Market Observation Post System (MOPS): [Individual Company] > [Corporate Governance] > [Company Rules] > [Internal Control] > [Internal Control System Statement Announcement].

<https://mops.twse.com.tw/mops/#/web/t06sg20>

(2) For those who need to appoint an accountant to review the internal control system, the accountant's review report should be disclosed: None.

2.3.10 Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. :

Shareholder's Meeting/ Board of Directors	Regular and extraordinary meetings/sessions of the Board of Directors	Date	Material resolutions	Remark
Board of Directors	The 11th of the thirteenth session	2024.03.15	<ol style="list-style-type: none"> 1. Approval of the total amount and distribution method of employee compensation and directors' remuneration for the year 2023 2. Approval of the distribution of remuneration for directors and managers for the year 2023 3. Approval of the 2024 salary adjustment plan for managerial personnel. 4. Recognition of the Final Statement for the Year 2023 5. Approval of the 2023 Earnings Distribution Plan 6. Acknowledge the 2023 "Assessment of the Effectiveness of the Internal Control System" and "Statement of the Internal Control System" 7. Approval of the 2024 Operating Plan and Budget 8. Approval of the 2024 audit fees and assessment 	None

Shareholder s' Meeting/ Board of Directors	Regular and extraordinary meetings/sessions of the Board of Directors	Date	Material resolutions	Remark
			<p>of the auditor's independence.</p> <p>9. Approval of the amendments to certain provisions of the Audit Committee Charter.</p> <p>10. Approval of the amendments to the Articles of Incorporation.</p> <p>11. Approval of the Amendment to certain provisions of the "Rules of Procedure for Board of Directors Meetings "</p> <p>12. Approval of the proposal to convene the 2024 Annual General Meeting of Shareholders.</p> <p>13. Resolved to approve the handling of shareholder proposals for the 2024 Annual General Meeting of Shareholders</p>	
Board of Directors	The 12th of the thirteenth session	2024.05.08	<p>1. Resolved to approve the renewal of the financing loan credit line agreement with First Bank, Xinhua Branch.</p> <p>2. Resolved to approve the renewal of the credit line and hedging limit agreements with DBS Bank (Taiwan) Ltd.</p> <p>3. Approval of the addition of non-assurance service items and the independence assessment</p> <p>4. Approval of the 2024 First Quarter Financial Statements</p>	None
Shareholder s' Meeting	2024 General Meeting of Shareholders	2024.06.27	<p>1. Recognition of the Final Account Book for the Year 2023 Implementation status: Approved by the resolution of the 2024 general meeting of shareholders</p> <p>2. Approval of the Earnings Distribution Plan for the Year 2023 Implementation status: August 27, 2024 is</p>	None

Shareholder s' Meeting/ Board of Directors	Regular and extraordinary meetings/sessions of the Board of Directors	Date	Material resolutions	Remark
			<p>designated as the ex-dividend benchmark date, and cash dividends will be distributed on September 12, 2024. (Cash dividend distributed per share of NT\$0.5)</p> <p>3. Approval of the Amendments to the Articles of Incorporation. Implementation Status: The resolution was approved and duly registered with the Ministry of Economic Affairs on August 8, 2024, and subsequently announced on the Company's website.</p>	
Board of Directors	The 13th of the thirteenth session	2024.08.09	<ol style="list-style-type: none"> 1. Approval of the adjustment to the transportation and attendance allowances for Directors and Independent Directors attending meetings. 2. Approval of the new contract for a short-term guaranteed loan facility with First Bank, Xinhua Branch 3. Approval of the renewal of the loan facility agreement with E.SUN Bank upon expiration 4. Approval of the renewal of the hedging facility agreement with E.SUN Bank in the amount of USD 500,000 to mitigate interest rate and exchange rate fluctuation risks, and authorization to trade derivative financial instruments and structured products 5. Approval of the Financial Statements for the Second Quarter of 2024. 	None
Board of Directors	The 14th of the thirteenth	2024.09.27	<ol style="list-style-type: none"> 1. Approval of the Amendments to the Articles of Incorporation. 2. Approval of the date and agenda for convening 	None

Shareholder s' Meeting/ Board of Directors	Regular and extraordinary meetings/sessions of the Board of Directors	Date	Material resolutions	Remark
	session		the 1st Extraordinary General Meeting of Shareholders in 2024.	
Board of Directors	The 15th of the thirteenth session	2024.11.08	<ol style="list-style-type: none"> 1. Approval of the 2024 year-end bonus proposal for managers, reviewed by the Remuneration Committee 2. Approval to change the certified public accountant starting from the fourth quarter of 2024. 3. Approval of the 2025 Non-Assurance Services List and Independence Assessment. 4. Approval of the Financial Statements for the Third Quarter of 2024. 5. Approval of the Amendment to the Sustainable Information Management. 6. Approval of the 2025 Internal Audit Plan. 	None
Shareholder s' Meeting	The First Extraordinary General Meeting of Shareholders in 2024	2024.11.22	<p>Approval of the Amendments to the Articles of Incorporation.</p> <p>Implementation Status: The resolution was approved and duly registered with the Ministry of Economic Affairs on December 12, 2024, and subsequently announced on the Company's website.</p>	None
Board of Directors	The 16th of the thirteenth session	2025.01.03	Approval of the record date for the stock name change and exchange of share certificates, and other related matters	None
Board of Directors	The 17th of the thirteenth	2025.03.14	<ol style="list-style-type: none"> 1. Approval of the total amount and distribution method of employee compensation and directors' remuneration for the year 2024 	None

Shareholders' Meeting/ Board of Directors	Regular and extraordinary meetings/sessions of the Board of Directors	Date	Material resolutions	Remark
	session		<ol style="list-style-type: none"> 2. Approval of the distribution of remuneration for directors and managers for the year 2024 3. Approval of the 2025 salary adjustment plan for managerial personnel. 4. Approval of the definition of entry-level employees within the Company 5. Approval of the 2024 Business Report and Financial Statements of the Company. 6. Approval of the 2024 Earnings Distribution Plan 7. Acknowledge the 2024 "Assessment of the Effectiveness of the Internal Control System" and "Statement of the Internal Control System" 8. Approval of the 2025 Operating Plan and Budget 9. Approval of the 2025 audit fees and the assessment of the auditor's independence. 10. Approval of the Amendments to the Articles of Incorporation. 11. Resolved to approve the renewal of the credit line and hedging limit agreements with DBS Bank (Taiwan) Ltd." 12. Approval of the Full Re-election of the Board of Directors. 13. Approval of the Release of Non-Competition Restrictions for Newly Elected Directors and Their Representatives. 14. Approval of the proposal to convene the 2025 Annual General Meeting of Shareholders. 15. Approval of matters related to the acceptance of shareholder proposals and the nomination of 	

Shareholder s' Meeting/ Board of Directors	Regular and extraordinary meetings/sessions of the Board of Directors	Date	Material resolutions	Remark
			director candidates for the 2025 Annual General Meeting of Shareholders	

2.3.11 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

2.4 Information on CPA professional fees

March 31, 2025

Unit: NT\$ Thousands

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Remark
Deloitte Taiwan	Chang, Keng-Hsi Chen, Chiang-Hsuan	2024.01.01 to 2024.09.30	1,700	1,230	2,930	None
	Yu, Meng-Kuei Chang, Keng-Hsi	2024.10.01 to 2024.12.31				
Watt accounting	Rong-chao Chen	2024.06.27 to 2024.08.08	-	10	10	None

Name of accounting firm	Name of CPA	Audit period	Audit fees	Non-audit fees	Total	Remark
firm		2024.11.22 to 2024.12.12				

1. Audit fees refer to the fees paid by the Company to accountants for auditing, reviewing, and reviewing financial reports.
2. Non-audit public fee services: Public fees for tax attestation, correction of financial expenses, and amendment of company registration.

2.5 Information on Replacement of Certified Public Accountants:

1. Regarding former certified public accountants

Replacement Date	September 13, 2024		
Reasons for Replacement and Explanation	The reason for the change of the Company's accountants in the fourth quarter of 2024 was due to the internal organizational adjustment of Deloitte & Touche		
The statement is that the appointer or accountant terminates or does not accept the appointment	1. situation	Parties	2. accountant
			3. appointee
	Voluntary termination of appointment		Not Applicable
	Not accepting (continuing) appointment		Not Applicable
Opinion and reasons for issuing a report other than an unqualified opinion within the last two years	No such situation		
Does the issuer have any different opinions	Yes	-	Accounting principles or practices
		-	Disclosure of financial reports
		-	Audit scope or steps
		-	other
	No	✓	Explanation : None

Other disclosure matters	None
(1) The former accountant once informed the company that it lacked a sound internal control system, which made its financial report unreliable.	
(2) The former accountant has notified the company that it cannot rely on the company's statement or are unwilling to have any connection with the company's financial report.	
(3) The former accountant has notified the company that the audit scope must be expanded, or the information shows that expanding the audit scope may damage the credibility of previously issued or upcoming financial reports, but due to a change of accountant or other reasons, the former accountant has not expanded the audit scope.	
(4) The former accountant had informed the company that based on the information collected, the credibility of the financial reports issued or about to be issued may be compromised. However, due to the replacement of the accountant or other reasons, the former accountant did not handle this matter.	

2. Regarding Successive Accountants

Name of Firm	Deloitte & Touche
Name of Accountant	Accountant Yu, Meng-Kuei
Date of Appointment	September 13, 2024
Consultation on accounting treatment methods or accounting principles for specific transactions and possible opinions and results on financial reports before appointment	None
The written opinion of the successor accountant on matters where the previous accountant has different opinions	None

3. The previous accountant's reply to the matters specified in Article 10, Paragraph 5, Item 1 and Item 2, Item 3 of these Standards: Not applicable.

2.6 Disclosure of Name, Position and Duration of Service at Firms or Their Associated Enterprises within the Past Year of Chairman, General Manager, and Managers in Charge of Financial or Accounting Affairs:

None

2.7 Transfer of Stock Options and Changes in Equity Pledge of Directors, Supervisors, Managers and Shareholders Holding More Than 10% of Shares in the Most Recent Year

and as of the Date of Printing of the Annual Report

1. Shareholding variation of directors, supervisors, managerial officers and largest shareholders :

Unit: share

Title	Name	FY2024		Current year, as of April 22	
		Shareholding increase (decrease)	Pledged share Increase (decrease)	Shareholding increase (decrease)	Pledged share Increase (decrease)
Chairman and President	Chong-Yi Lin	0	0	0	0
Director	Zhicheng Investment Co., Ltd Representative: Chih-Lung Lin	0	0	0	0
Independent Director	Hui-Ling Fang	0	0	0	0
Independent Director	Cheng-Che Chiang	0	0	0	0
Independent Director	Yen-Hsun Chen	0	0	0	0
Independent Director	Yueh-Feng Chuang	0	0	0	0
Associate Manager of Sales Dept.	Li-qiu You	0	0	0	0
Manager of F&A Dept.	Chih-He Kang	0	0	0	0
Major shareholder	Zhicheng Investment Co., Ltd	0	0	0	0

2. Equity transfer information: None.

3. Equity pledge information: None.

2.8 Information of Relationship among Top 10 Shareholders who are Related, Spouses, or Relatives within the Second Degree of Kinship

April 22, 2025

Unit: share

Name	Self-shareholding		Shareholdings of the spouse and minor children		Shareholding in other people's names		Among the company's 10 largest shareholders, any one is a related party or a spouse, a relative within the second degree of kinship, and his/her name or relationship		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Zhicheng Investment Co., Ltd	34,000,000	52.77%	0	0	0	0	Longyi Investment Co., Ltd	Material party	-
							Representative: Shu-zheng Lin	Father and daughter	
Representative : Yu-zhu Lin	536,000	0.83%	0	0	0	0	Zheng-wen Liu	In-laws	
Longyi Investment Co., Ltd	2,634,000	4.09%	0	0	0	0	Zhicheng Investment Co., Ltd	Material party	-
							Representative: Yu-zhu Lin	Father and daughter	
Representative : Shu-zheng Lin	510,000	0.79%	0	0	0	0	Zheng-wen Liu	Having a blood relationship with Shu-zheng Lin	-
Qing-lin Zhou	2,491,805	3.87%	48,626	0.08%	0	0	-	-	-
Tian-bao Xie	1,505,000	2.34%	0	0	0	0	-	-	-
Yu-wen Zhou	1,370,000	2.13%	0	0	0	0	-	-	-
Rong-bin Wu	1,295,000	2.01%	0	0	0	0	-	-	-
Ming-zhi Chen	1,198,000	1.86%	0	0	0	0	-	-	-

Name	Self-shareholding		Shareholdings of the spouse and minor children		Shareholding in other people's names		Among the company's 10 largest shareholders, any one is a related party or a spouse, a relative within the second degree of kinship, and his/her name or relationship		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Zheng-wen Liu	1,000,000	1.55%	0	0	0	0	Shu-zheng Lin	Having a blood relationship with Zheng-wen Liu	-
							Yu-zhu Lin	In-laws	-
Ideal Assets Co., Ltd Representative : Xingu Zhou	927,000	1.44%	0	0	0	0	-	-	-
	0	0	0	0	0	0	-	-	-
LITEK ENTERPRISE CO., LTD. Representative : ChingTsung Lai	745,000	1.16%	0	0	0	0	-	-	-
	0	0	0	0	0	0	-	-	-

2.9 The total number of shares and total equity stake held in any single enterprise by the company, its directors and managerial officers, and any companies controlled either directly or indirectly by the Company

None

III Capital Overview

3.1 Capital and Shares

3.1.1 Source of Equity

1. Source of Equity :

Year Month	Issue Price	Authorized share capital		Paid-in share capital		Remark	
		Numb er of shares (thous and shares)	Amou nt (NTD thousa nd)	Numb er of shares (thous and shares)	Amount (NT\$ thousands)	Source of Equity	Approval number
1986.09	Note 1	Note 1	5,000	Note 1	5,000	Founding capital	—
1993.11	1,000	20	20,000	20	20,000	Cash capital increase NT\$ 15,000,000	—
1999.11	12	7,000	70,000	7,000	70,000	Cash capital increase NT\$ 50,00,000	Ministry of Economic Affairs, Taipei (1999) No. 088449204
2001.04	12	9,700	97,000	9,700	97,000	Cash capital increase NT\$ 17,000,000 Transfer of capital surplus to capital NT\$ 10,000,000	Ministry of Economic Affairs (2001) No.09032091690
2001.11	12	11,000	110,000	11,000	110,000	Cash capital increase NT\$ 9,000,000 Transfer of surplus to capital NT\$ 4,000,000	Ministry of Economic Affairs (2001) No.09001487240
2002.08	18	30,000	300,000	16,000	160,000	Cash capital increase NT\$ 28,000,000 Transfer of surplus to capital	Ministry of Economic Affairs (2002) No.09102344980

Year Month	Issue Price	Authorized share capital		Paid-in share capital		Remark	
		Numb er of shares (thous and shares)	Amou nt (NTD thousa nd)	Numb er of shares (thous and shares)	Amount (NT\$ thousands)	Source of Equity	Approval number
						NT\$17,050,000 Transfer of capital surplus to capital NT\$ 4,950,000	
2003.10	10	30,000	300,000	21,000	210,000	Transfer of surplus to capital NT\$ 43,200,000 Transfer of capital surplus to capital NT\$ 4,800,000 Transfer of employee bonus to capital NT\$ 2,000,000	Taiwan Financial Certificate (I) No. 0920136231
2004.08	10	43,000	430,000	26,230	262,300	Transfer of surplus to capital NT\$ 37,800,000 Transfer of capital surplus to capital NT\$ 10,500,000 Transfer of employee bonus to capital NT\$ 4,000,000	Ministry of Economic Affairs (2004) No.0930134133
2005.10	10	43,000	430,000	30,864	308,645	Transfer of surplus to capital NT\$ 39,345,000 Transfer of employee bonus to capital NT\$ 7,00,000	Financial Supervisory Certificate No.0940126628
2006.08	10	43,000	430,000	33,307	333,077	Transfer of surplus to capital NT\$	Financial Supervisory

Year Month	Issue Price	Authorized share capital		Paid-in share capital		Remark	
		Numb er of shares (thous and shares)	Amou nt (NTD thousa nd)	Numb er of shares (thous and shares)	Amount (NT\$ thousands)	Source of Equity	Approval number
						15,432.25,000 Transfer of employee bonus to capital NT\$ 9,000,000	Certificate No.0950129600
2007.08	10	43,000	430,000	36,173	361,731	Transfer of surplus to capital NT\$ 16,653.86,000 Transfer of employee bonus to capital NT\$ 12,000,000	Financial Supervisory Certificate No.0960035855
2008.08	10	43,000	430,000	37,222	372,225	Transfer of surplus to capital NT\$ 7,234.62,000 Transfer of employee bonus to capital NT\$ 3,260,000	Financial Supervisory Certificate No.0970033009
2010.01	10	43,000	430,000	25,222	252,225	Reduce capital to cover losses\$ 120,000,000	Financial Supervisory Certificate No.0980069149
2010.03	14.18	43,000	430,000	28,130	281,305	Private equity cash capital increase NT\$ 29,080,000	Ministry of Economic Affairs, Taipei No.0993072010
2010.09	16.90	43,000	430,000	30,130	301,305	Private equity cash capital increase NT\$ 20,000,000	Ministry of Economic Affairs, Taipei No.0993156244
2011.04	10.63	50,000	500,000	43,130	431,305	Private equity cash	Ministry of

Year Month	Issue Price	Authorized share capital		Paid-in share capital		Remark	
		Numb er of shares (thous and shares)	Amou nt (NTD thousa nd)	Numb er of shares (thous and shares)	Amount (NT\$ thousands)	Source of Equity	Approval number
						capital increase NT\$ 130,000,000	Economic Affairs, Taipei No.1005021370
2011.11	11.20	66,000	660,000	64,430	644,305	Private equity cash capital increase NT\$ 213,000,000	Ministry of Economic Affairs No.10001248640

Note 1: The Company was established as a limited company, and was changed to a joint stock limited company in October 1989.

Note 2: The Company does not use property other than cash to offset the stock payment.

2. Types of shares :

April 22, 2025

Unit : share

Types of shares	Authorized Capital			Remark
	Outstanding	Unissued Shares	Total	
Common stock	64,430,573	23,569,427	88,000,000	Listed Common stock

3. Information related to the overall declaration system: Not applicable.

3.1.2 List of major shareholders:

Name, amount and proportion of shares held by shareholders with an equity proportion of more than 5% or shareholders with an equity proportion of the top ten shareholders

Name Of major shareholders	Shares held	Shareholding ratio (%)
Zhicheng Investment Co., Ltd	34,000,000	52.77%
Longyi Investment Co., Ltd	2,634,000	4.09%
Qing-lin Zhou	2,491,805	3.87%
Tian-bao Xie	1,505,000	2.34%
Yu-wen Zhou	1,370,000	2.13%
Rong-bin Wu	1,295,000	2.01%
Ming-zh Chen	1,198,000	1.86%
Zheng-wen Liu	1,000,000	1.55%
Ideal Assets Co., Ltd	927,000	1.44%
LITEK ENTERPRISE CO., LTD.	745,000	1.16%

3.1.3 Company's Dividend Policy and Implementation Status

1. Dividend Policy stipulated in the Articles of Association :

In order to pursue sustainable operations, stable growth, and a sound financial structure, the Company shall have the Board of Directors propose an earnings distribution plan based on the Company's operational performance and capital planning. The proposed plan shall then be submitted to the Shareholders' Meeting for approval. In principle, Cash dividends shall be paid not less than 30 % of the total amount of dividends in the current year.

The objects to which employees distribute stocks, including employees of affiliated companies who meet certain conditions, shall be determined by the board of directors.

2. Distribution of Dividend Proposed by Shareholders Meeting: :

According to the resolution of the 17th Board of Directors of the 13th session on March 14, 2025, the Company will distribute a cash dividend of NT\$ 0.5 per share for the year 2024

3.1.4 The impact of the accumulated unpaid dividends at this shareholders' meeting on the company's operating performance and earnings per share:

There is no accumulated unpaid dividends at this year's shareholders' meeting, so it will not affect the company's operating performance or earnings per share

3.1.5 Compensation of employees, directors and supervisors:

1. The percentages or ranges with respect to employee, director, and supervisor

If the Company makes a profit for the year, it shall allocate no less than 1% for employee compensation and no more than 5% for director and supervisor compensation. However, if there are still accumulated losses, the amount to be compensated should be retained in advance.

The term 'profit' referred to in the preceding paragraph refers to the pre tax benefits before deducting the distribution of employee remuneration and the remuneration of directors and supervisors. Employee compensation shall be based on stocks or cash, and shall be determined by a special resolution of the board of directors and reported to the shareholders' meeting.

The recipients of stocks or cash issued in the preceding paragraph include employees of affiliated companies who meet certain conditions.

2. The calculation basis of the compensation amount of employees, directors and supervisors, the calculation basis of the number of shares of employees' compensation distributed in stock and the accounting treatment if the actual distribution amount is different from the estimated number: The employee bonus and the remuneration of the board of directors of the Company in the 2024 are calculated on the basis of the pre-tax net profit of 1.002% and 0.521% of the net profit of the compensation of directors respectively. If there is a major change in the amount as decided by the shareholders' meeting, it shall be treated as a change in accounting estimate and adjusted into the account in the year of the shareholders' meeting's decision.
3. Information on any approval by the Board of Directors of distribution of compensation:
 - (1) The amount of employee compensation and directors' compensation distributed in cash or stock: The Company has approved the distribution of employee compensation and directors' compensation for the year 2024 through the board of directors on March 14, 2025, and plans to submit a report to the shareholders' meeting on June 20, 2025. The employee compensation and directors' compensation distributed in cash are NT\$ 4,654,393 and NT\$ 2,420,000 respectively, both of which are distributed in cash.
 - (2) The amount of employee compensation distributed through stocks and its proportion to the total amount of net profit after tax and employee compensation in individual or individual financial reports for the current period: It is not proposed to distribute employee compensation through stocks.
 - (3) The differences between the proposed distribution amount and the

estimated expenses for the year 2024, as well as the reasons and handling situations, are as follows:

Item	Amounts recognized in financial reports	Proposed distribution approved by the board of directors	Discrepancy	Reason
Employee Compensation	4,654,393	4,654,393	-	-
Directors and Supervisors Remuneration	2,420,000	2,420,000	-	-

The above-mentioned remuneration for directors, supervisors, and employees has been expensed in the year 2024, and the recorded amount does not differ from the proposed allocation amount proposed by the board of directors on March 14, 2025.

- The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

The annual estimation and actual distribution of the recognized expenses for employee dividends and compensation for directors and supervisors of the Company for the year 2023 are as follows:

Item	Amounts recognized in financial reports	Proposed distribution approved by the board of directors	discrepancy	cause
Employee Compensation	3,592,476	3,592,476	-	-
Directors and Supervisors Remuneration	1,835,000	1,835,000	-	-

The above-mentioned remuneration for directors, supervisors, and employees has been expensed in the year 2023, and there is no difference between the recorded amount and the actual distribution amount.

3.1.6 Status of the company repurchasing its own shares: None

3.2 Issuance of Corporate Bonds

None

3.3 Issuance of Preferred Shares

None

3.4 Issuance of Overseas Depositary Receipts

None

3.5 Issuance of Employee Stock Options

None

3.6 Employee Restricted Stock Awards

None

3.7 Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares

None

3.8 Financing Plans and Implementation

None

IV. Operational Highlights

4.1 Business Activities:

The Company is a professional manufacturer engaged in the design, research and development, manufacturing, marketing, sales, and import/export trade of automotive lighting products.

4.1.1 Business scope:

1. The main content of the business:

Automobile and its parts manufacturing industry. Except for licensed businesses, businesses that are not prohibited or restricted by laws and regulations may be operated.

2. Business proportion:

Year Product	FY2024		FY2023	
	Sales revenue	Ratio	Sales revenue	Ratio
Automotive components	2,034,733	95.60%	2,053,797	95.09%
Electronic components	93,610	4.40%	106,009	4.91%
Total net sales	2,128,343	100.00%	2,159,806	100.00%

3. Current product (service) items:

Product	Explain
Automotive headlights	Turbine headlights, tail lights, edge lights, corner lights, fog lights, reversing lights, bumper lights, brake lights, trailer remote control lights, , and related accessories.
LED lighting	Dedicated LED light group for car lights and power supply for lighting
Lighting packaging module	Lighting packaging module

4. New products (services) planned for development:

The company's future product development plans are as follows:

- (1) Vehicle design innovation: Integrate the car body without the car-finding light function into the car-finding function, control the changes of LED multi-light sources through C language, and enhance the visual appearance of low-end cars to high-end cars. Combined with human-computer interaction interface, Bluetooth and 5G signals promote signal communication between drivers and

vehicles.

- (2) High-efficiency light source technology : The MLA (Micro Lens Array) micro lens array, combined with the development of light guide plates to improve LED light source efficiency.
- (3) Innovative optical technology: Develop laser shaped optical panels and use a small amount of LED to achieve OLED like development technology, reduce costs, and achieve mass production.
- (4) Courtesy lights module and streamer design: The courtesy lights module is introduced and combined with the streamer design to enhance the atmosphere of the vehicle and create a unique driving experience.
- (5) Smart driving system: Develop smart driving traffic situation system modules and commit to mass production to improve driving safety.
- (6) Smart lighting for special vehicles: Integrate wireless signals and electronic control design to achieve synchronization of active and passive functions of remote control lights for special vehicles, improving vehicle safety.
- (7) OLED applied to car lights: Explore the application of OLED technology in car lights. Based on its high contrast and softness, it is applied to car light design to enhance the fashion and safety of vehicle appearance.
- (8) Laser light source application: A new type of laser light source is developed for vehicle lighting, which provides higher recognition and more accurate lighting effects. It brings a dynamic structured light pattern to the surface of the lamp and improves the safety of driving at night.
- (9) Collaborative module production: Cooperate with the domestic semiconductor packaging and listing electronics factory to produce modules, and develop and manufacture vehicle electrical system customers and products in tandem, and promote industrial cooperation and innovation.
- (10) The lighting units are equipped with built-in programmable modules that allow direct external programming to modify the original functions of the lights without altering the circuitry. This enhances product diversity and improves customer satisfaction.

4.1.2 Industry Overview:

1. Current status and development of the industry:

- (1) Current Status of the Industry for Automotive LED Lamp Sets and Automotive Lights

With the continuous development of LEDs, LEDs have many advantages as a

light source for automotive lighting, including high brightness, long life, and fast response. Therefore, they are widely used in automotive lighting. The company continues to invest in the development of automotive light source technology, aiming to provide lamps with higher lighting power, more environmental protection, energy saving and safer functions. At the same time, the company continues to integrate innovative appearance designs into car light designs. Currently, LEDs have been widely used in car headlights, fog lights, brake lights, direction lights, taillights, and third brake lights, and have been mandated by regulations in various countries in recent years. Daytime running lights, etc. With the advancement of LED technology, automobile manufacturers have gradually replaced traditional lighting sources with LEDs, such as incandescent lamps, halogen lamps, and xenon lamps. Therefore, the application rate of LEDs in automobile lamps has grown rapidly, accelerating the demand for LED lamp sets, especially the demand for high-brightness LEDs.

At present, LED is widely used in car lights, and the market competition is fierce. The company has invested a lot of manpower in research and development of LED optical applications, and is committed to developing optical panels that use fewer LEDs and lower costs to provide more diversification and save money, cost-effective products to consumers, while enabling products to achieve excellent performance in quality and mass production.

In addition, with the rise of electric vehicles in recent years, the complexity of the vehicle electronic control system is increasing. The company has invested more software and firmware personnel to study the signal control and acquisition between the car body and the lamps.

In the history of automobile development, in addition to illuminating and improving visibility at night, the functions of car lights have also become a symbol to distinguish different brands of models in recent years. As autonomous driving technology becomes increasingly mature, sensors play the role of the "eyes" of cars, so that communication between cars and cars and objects is no longer limited by human vision. The emergence of autonomous driving has subverted everything. Automotive lighting systems are even more integrated with the "symbiosis" of autonomous driving, which has brought further room for growth to the market. LED technology will continue to be optimized and given new functions. The full LED matrix ADB system (adaptive driving beam) can improve the ABS system's nighttime image recognition capabilities and will become a standard product for smart driving cars in the future.

※ Taiwan Auto Parts Export Amount Statistics Table

Unit : NTD 100 million

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Amount	2,145	2,113	2,149	2,147	2,148	1,927	2,208	2,530	2,254	2,285
Growth rate	3.26%	-1.47%	1.70%	-0.11%	0.02%	-10.26%	14.58%	14.58%	-10.91%	1.36%

Source: Customs import and export statistics, organized by the Taiwan Vehicle Industry Association

(2) Future Development of the Automotive LED Lamp Group and Automotive Lamp Industry

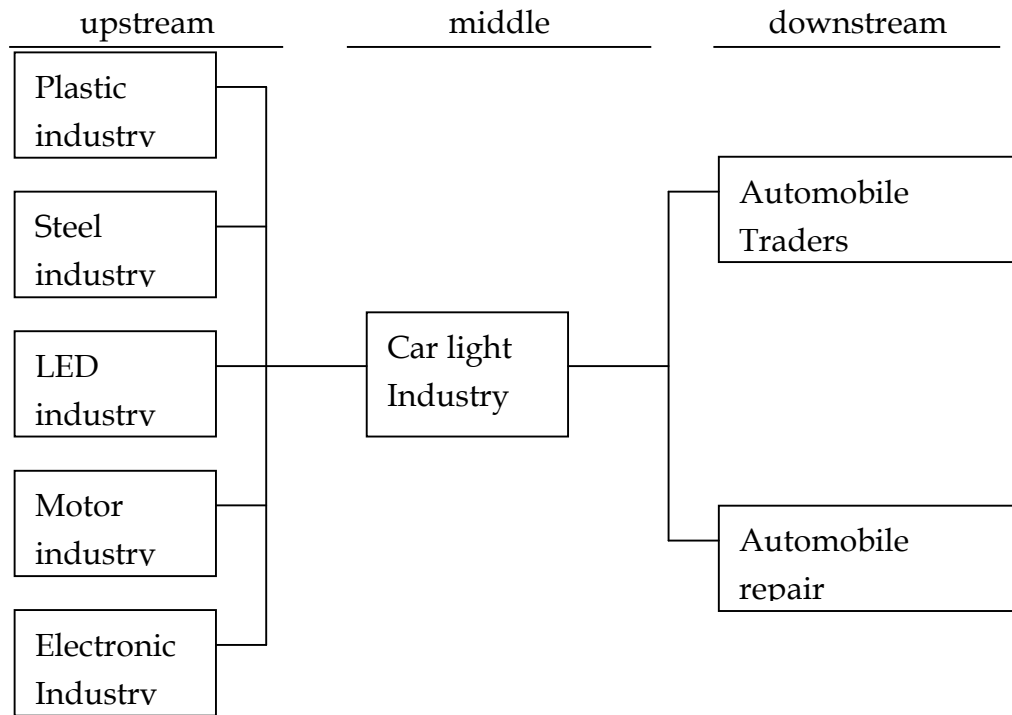
With the rise of China and emerging markets has led to a continuous increase in demand for automobiles, bringing huge business opportunities to the automotive repair market (such as car headlights). According to statistics, the new car sales market in mainland China has surpassed the United States to become the world's largest automotive market since 2009, with stable sales of about 20-22 million new cars annually. It is expected that by 2030, the Chinese automobile market will maintain steady growth, and annual sales are expected to breaking through 30 million units will further promote the expansion of the auto parts market.

In the future, automotive components are developing in the direction of intelligent, lightweight, electronic and modular. Due to its energy-saving advantages, LED light sources will become the mainstream light source for automobile lights as technology advances and prices decrease. According to data from market research institutions, the global automotive LED light market is expected to reach more than US\$30 billion by 2050, the annual compound growth rate is expected to exceed 10%, and Taiwan, as one of the world's leading auto parts manufacturing bases, will enjoy a huge market share in automotive lighting products such as LED lamp sets and car lights.

Taiwan's automotive components have many advantages, including product quality reaching international standards, passing relevant certifications in Europe and the United States, complete international marketing channels, a complete central satellite system, the ability to quickly support each other, highly flexible product manufacturing capabilities, and excellent supply management capabilities. Therefore, Taiwan's auto parts manufacturers can make full use of these industrial advantages to explore the global market and create greater business opportunities.

2. The relationship among the upstream, middle and downstream reaches of the industry:

The relationship between automobile LED lamp group and automobile lamp industry in the upstream, middle and downstream.



3. Various development trends and competitive situations of the product:

In terms of car LED light sets and car lights:

Development trend: In recent years, the automotive lighting industry has faced rapid technological innovation, especially the booming development of autonomous driving technology, European and Japanese car manufacturers, and global light manufacturers have actively invested in this field, striving to develop more advanced headlight systems, such as adaptive driving beams (ADB) to improve driving safety. According to market research reports, it is expected that the market share of ADB will rapidly grow from less than 1% in the current automotive market to 25% by 2025, showing a rapid growth trend.

In terms of technology, LED light sources have replaced traditional halogen bulbs and become the mainstream choice. According to statistics, by 2025, the average annual growth rate of the global LED light market is expected to reach approximately 12%. In addition, with the continuous improvement of smart technology, the functions of car lights have gradually become more intelligent, extending from simple lighting functions to safety and interactive communication. European and Japanese car manufacturers continue to increase their R&D

investment in the field of smart car lighting to meet the market's demand for safer and smarter automotive lighting.

Competition: Chinese Mainland's industries enjoy government subsidies, and its products are highly price competitive. However, this also brings challenges of imitation and price wars. According to data from research institutions, the global automotive lighting market is expected to reach nearly US\$50 billion in 2025. Facing market competition, companies need to increase R&D investment, improve product technology, and establish a complete intellectual property layout to ensure competitive advantages and stable market position.

4.1.3 Technical and R&D Overview:

1. R&D expenses invested in the most recent year and up to the date of publication of the annual report:

Unit : NTD thousand

Item \ Year	FY2024
R&D expenses (A)	63,929
Net operating revenue (B)	2,128,343
(A) / (B)	3.00%

Note: The financial information on March 31, 2024 has not been reviewed by a CPA.

2. Technologies or products successfully developed in the most recent year and up to the date of publication of the annual report:

Year	R&D products and R&D focus	
	R&D product	overview
2015	APP controllable colorful intelligent headlights	On the basis of complying with vehicle regulations, allowing the lights to change color through the action device according to driving speed/sky color/personalized settings
2016	AFS active steering headlights	A new type of AFS device for front lights that complies with automotive regulations and enhances driving safety

Year	R&D products and R&D focus	
	R&D product	overview
2017	Full LED light source headlight	High brightness full LED light source headlights, including high and low beam lights, daytime running lights, and directional lights, increase driving lighting and safety
2018	Full LED multi-mode dimming welcome function	Design a car search function for vehicles without search lights, and use C language to control different light source changes for each light source of the lamps
2020~ 2023	Research and Development Plan for Intelligent Driving Situation System	<p>A. Research and development of multifunctional intelligent car light optical and mechanical module</p> <p>B. Research and development of smart car light detection system</p> <p>C. Research and development of intelligent road projection image correction system for car headlights</p> <p>D. Research and development of multifunctional smart car headlights</p> <p>E. Development of human-machine interaction interface module</p> <p>F. Combining the front water tank cover with lighting fixtures and RGB LED interactive research and develop</p>

Year	R&D products and R&D focus	
	R&D product	overview
2024	Research on the application of laser light source and OLED light source inside car lights	<p>A. In relation to research and development on the internal lighting effects and energy efficiency of car lights</p> <p>B. Combining the laser light source and OLED light source to improve light calibration and achieve more flexible light source control.</p> <p>C. Reduce energy consumption and material costs, and promote the progress and innovation of automotive lighting technology.</p> <p>D. Applied to inside car lights, including far and near lights, daytime running lights, direction lights, etc., to provide diversified lighting solutions.</p> <p>E. The system design considers different parts and functional requirements to provide high-quality lighting effects and visual experience.</p>

Year	R&D products and R&D focus	
	R&D product	overview
2025	R&D of LED courtesy lighting with flowing effects and multifunctional dynamic lighting integrated into the front grille and lighting units.	<p>A. Integrated LED Light Strip Design: Innovatively integrating high-efficiency LED light strips into the front grille and headlamp assemblies.</p> <p>B. Introduction of Courtesy Lighting Feature: Development of dynamic courtesy light sequences activated during vehicle start-up and shutdown, enhancing product value perception.</p> <p>C. R&D of Multi-Mode Dynamic Lighting: Implementation of diverse dynamic lighting effects synchronized with vehicle status and driving modes, optimizing the communication of driving information.</p> <p>D. Enhanced Visual Identity: Creating a distinctive front-end lighting signature to strengthen brand recognition.</p> <p>E. Exploration of Future Lighting Technologies: This project lays the foundation for the development of more advanced lighting technologies in the future.</p> <p>F. Technological Innovation and Differentiation: Showcasing the company's capability for innovation in automotive lighting technology and achieving product differentiation.</p>

4.1.4 Long-term & Short-term Business Development Plan:

In order to respond to future industrial development and overall economic

environment trends, our company has formulated various long-term and short-term plans to plan the company's future operational direction and enhance competitiveness. We hereby provide a summary of our short-term and medium to long-term plans as follows:

1. Marketing:

(1.1) Short term plan for car LED light sets and car lights:

- A. Continuously expanding markets in the Americas and Europe and attempting to develop emerging markets.
- B. Emphasize customer satisfaction and shorten customer complaint processing and feedback time.
- C. Strengthen online brand promotion and marketing activities, and use online media platforms to increase brand exposure and customer participation.

(1.2) Medium and long term plan for car LED light sets and car lights:

- A. Gradually expand into Europe and emerging markets.
- B. Expand operation scale, improve customer service quality and market share of products.
- C. Develop innovative products and technologies to meet customers' changing needs and market trends.

2. Product development:

(2.1) Short-term plan:

- A. Establish common modules for current mainstream products (such as daytime running lights/welcome lights/LED modules for near and far lights) to shorten the development cycle.
- B. Provide production capacity to effectively reducing the cost of lighting while improving the stability of products.

(2.2) Medium and long term plan: Carry out a research and development plan for intelligent driving situational systems, break through the low-cost problem on the other side, and lay out product technology research and development in future high-end technology. Through the phased completion of this plan, new product designs will be introduced project by project. The content of the plan is as follows:

- A. Research and development of multifunctional autonomous intelligent

vehicle lighting electromechanical module

- A1. Design and development of multifunctional ballast light machine
- A2. Asymmetric lens design and development (2:1□4:1)
- A3. Research and development of high efficiency laser light source module
- A4. Research and development of optical and mechanical high thermal conductivity modules
- B. Research and development of smart car light detection system
 - B1. Design and development of digital camera system
 - B2. Design and development of intelligent vehicle composite light source control software
 - B3. Development of edge platform intelligent object detection system
- C. Research and development of intelligent road projection image correction system for car headlights
 - C1. Design and development of optimization algorithm for road projection image correction
 - C2. Design and development of Intelligent Image projection system
 - C3. Projection screen chip development
 - C4. Vehicle grade chip development and verification
- D. Research and development of multifunctional smart car headlights
 - D1. Integrated development of the whole lighting mechanism and ADB interface
 - D2. Design and development of the whole light heat dissipation system
 - D3. Research and development of digital high resolution light functionality and reliability testing
 - D4. Development of intelligent inclination angle auxiliary lighting module for two wheel locomotives
- E. Research and development of multifunctional water tank cover interactive lighting fixtures combined with RGB LED modules
- F. Incorporate the application research of laser light sources and OLED light sources inside car lights into medium and long-term plans, focusing

on in-depth exploration of technology applications and practices to promote product innovation and future technological development.

3. Procurement:

- (3.1) Effectively utilizing the energy of the company's products, integrating LED and active/passive components that can be used universally, to achieve the maximum purchase amount of individual materials, thereby using the principle of unified procurement to ensure that material procurement maintains high quality and low price, and to reduce product costs in the short term.
- (3.2) Integrate the high unit price parts used in the car lights, and develop a matching manufacturer that is lower than the previous purchase unit price.
- (3.3) Re-arrange the satellite factory, review and cooperate with the manufacturer's quotation, quality and product stability.

4. Financial management:

(4.1) Short term plan:

Improve financial structure and properly utilize financing channels.

The company will cooperate with the operational scale, effectively establish a complete financial structure, and reduce operational risks.

As for the required working capital and R&D, marketing and other related expenditures, they are currently funded with their own funds, and at the same time, they have established a good relationship with their banks to obtain appropriate financing with excellent credit conditions.

(4.2) Medium and long-term plans:

- A. Establish a good financing channel, and effectively use various tools in the capital market to obtain sufficient funds to expand the company's scale, such as strengthening the operation ability of financial functions, strengthening the financial structure of the company, as the basis for the sustainable operation of the enterprise.
- B. The principle of conservatism and conservatism is adopted in exchange rate hedging, which is based on the premise of financial natural hedging. Meanwhile, it is timely assessed that the use of financial market commodities will reduce exchange losses.

5. Production:

(5.1) Short term plan:

Implement cost reduction process improvement, and strengthen product competitiveness by improving product quality, production efficiency and equipment efficiency.

(5.2) Medium and long term plans:

The production factory has obtained international certification and gained market position to assist in securing orders.

6. Operation and management:

(6.1) Short term plan:

- A. Maintain a sound financial structure and reduce operational risks.
- B. Cooperate with the company's operational development, operate with stable funds, and maximize operational efficiency.
- C. Continuously improve the process of cost reduction for products, improve production efficiency, product quality and equipment turnover by simplifying the raw material procurement process and flexibly allocating production line work orders, so as to strengthen product competitiveness and improve product profits and create business performance.

(6.2) Medium and long term plans:

- A. Integrate company management resources, simplify processes, and improve departmental efficiency. By providing real-time decision-making information for various management levels through information systems, we enhance our response capabilities and jointly support external business development and future career development.
- B. Strengthen personnel training and maintain excellent corporate culture. Continuously cultivate technical and trade talents, cultivate a sincere, optimistic, responsible, proactive, and attentive attitude among all colleagues, and increase competitiveness through experience inheritance and knowledge management to meet the company's diversified operational goals.

4.2 Overview of Marketing and Production / Distribution

4.2.1 Market Analysis

1. Sales (supply) areas of main commodities (services):

Unit : NTD Thousands

Year		FY2024		FY2023	
		Sales value	percentage	Sales value	percentage
Domestic sales (Taiwan)		389,990	18.32%	363,481	16.83%
Export sales	European Region	86,219	4.05%	81,231	3.76%
	American Region	1,650,086	77.53%	1,712,243	79.28%
	Other regions	2,048	0.10%	2,851	0.13%
Total		2,128,343	100.00%	2,159,806	100.00%

2. Market share:

2.1 Car LED light sets and car lights:

The Company's main products are the manufacturing, trading, import and export of various automotive lights and LED light sets for vehicles. Mainly focusing on export sales, currently with the Americas as the main market, actively expanding into Europe and emerging markets in the future.

3. Future supply and demand situation and growth potential of the market:

3.1 Automobile and motorcycle LED light sets and automobile lights:

The quality of Taiwan's auto parts and components has reached the international standard and has perfect international certification and international marketing channels. Taiwan has become the world's leading exporter of auto parts and components in the AM market. Its market share has become the first in the world, and its safety, stability and innovation are recognized. Automobile drivers' consumer awareness is moving towards improving driving safety, energy conservation, aesthetics, etc. LED lights, due to their advantages of high brightness, energy conservation, and lightweight, will also focus on the application of LED technology in the future.

The Company follows the trend by producing car light products and developing all LED head and tail light sets, actively obtaining certification and marketing globally. Driven by the stabilization of oil prices and the stable recovery of the global economy, the sales value of automotive components in China is expected to continue to rise, and its growth is also within reach.

4. Competitive niche:

4.1 Automobile and motorcycle LED light sets and automobile lights:

(1) The company has good research and development capabilities, and can

lead the trend in product design, winning the favor of consumers.

- (2) Focusing on developing key components such as LED car light modules, our products have stable quality and are highly trusted by customers.
- (3) Establish a self-owned brand and plan products according to market demand, fully leveraging the unique advantages of product design to increase profit margins
- (4) Establish a complete after-sales service system, including rapid response to customer needs and providing industry-wide technical support, to improve customer satisfaction.

5. Favorable and unfavorable factors and corresponding strategies for the development vision:

5.1 Automobile and motorcycle LED light sets and automobile lights

(1) Favorable factors:

- A. LED has advantages in its lightweight design, coupled with green energy and environmental protection concepts, making it easy to popularize on all vehicles.
- B. Capable of flexible manufacturing and rapid response to delivery times.
- C. Experience and ability in quality certification such as DOT and SAE.
- D. Comprehensive quality control is implemented from design and development, production to shipment.
- E. Improve customer satisfaction and strengthen after-sales service.
- F. The integration of the R&D technical team in the field of optoelectronics and mechatronics shortens the development schedule due to its R&D advantages.

(2) Unfavorable factors:

- A. Athea product is mainly exported and faces the risk of exchange rate fluctuations.
- B. The price competition in the automotive industry and the rise in raw material prices and wages affect the achievement of a company's profitability.
- C. Mainland Chinese manufacturers have made rapid progress and have the advantage of low cost, quickly dividing the car lamp market.

(3) Corresponding strategies:

- A. Strictly control costs and delivery times.
- B. Implementation of Automated Production Equipment and Intelligent Management Systems, enhancing production efficiency and product quality.
- C. Continuously develop advantageous products and strengthen customer service.
- D. Cross industry product market development increases non business revenue.
- E. Actively engaging in innovative research and development to stay at the forefront of emerging technological trends.
- F. Possibility of Collaboration and expanding market

4.2.2 Important Usage and Production Process of Main Products

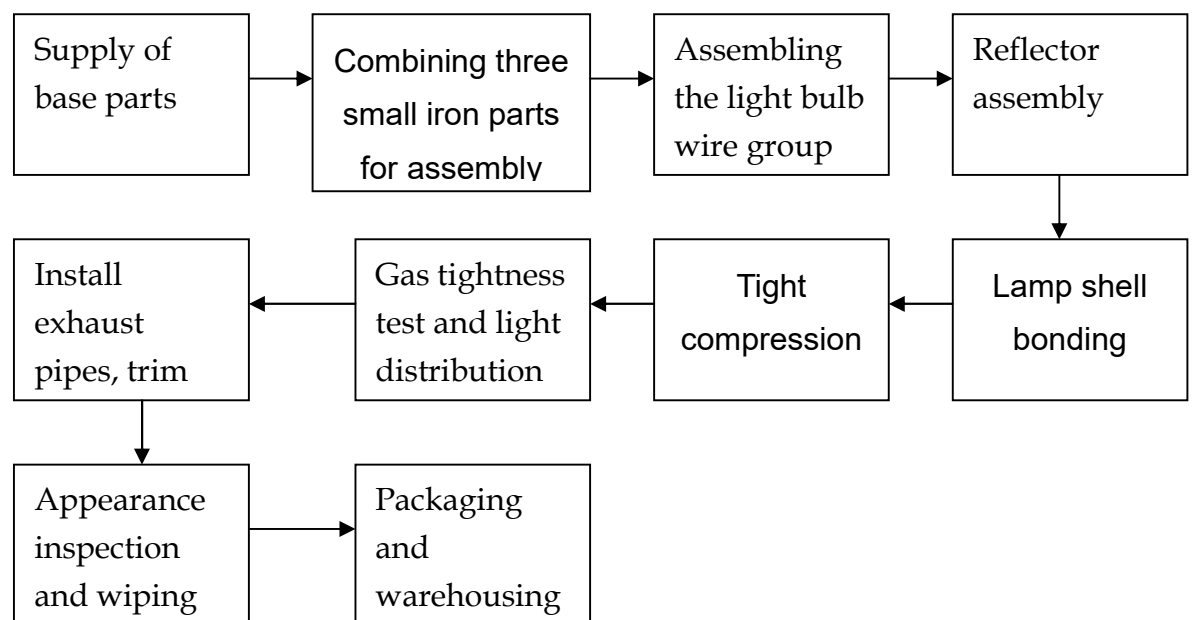
1. Usage of Main Products

Product Items	Important Uses
Car lights	Used for car lighting, issuing driving signals, and meeting the aesthetic requirements of modified car lights, etc.
LED lighting	Provide beautiful, environmentally friendly and energy-saving LED lamps for car lights

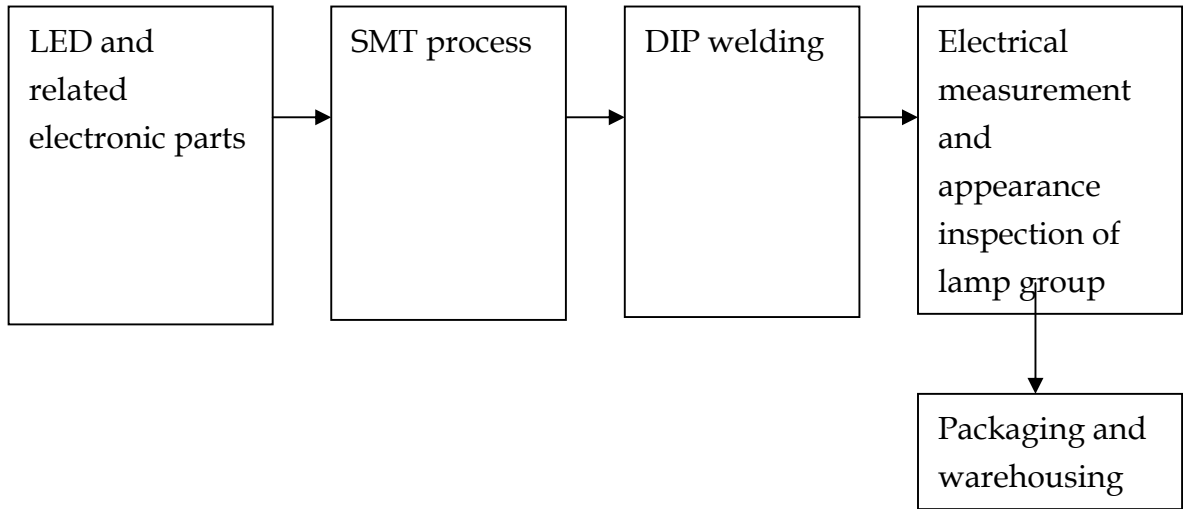
2. Production Process of Main Products :

Car LED light sets and car lights:

(1) Assembly process of finished car lights:



(2) Production Process of LED Lamp Sets for Vehicles:



4.2.3 Supply Status of Main Materials

Item	Main Product	Main Suppliers
1	Automotive components and car lights products	Long Feng, Jin Liyang, Qingsheng, Changzhou Wen Tong Optoelectronics, Yun Yang Precision, Guanghong

The Company sells and produces car lights and LED light sets for vehicles, mainly consisting of lamp shells, light bulbs, LEDs, plastic materials, electronic parts, and wire groups. These materials are supplied by multiple senior and excellent manufacturers both domestically and internationally, and the quality of the supplied materials is stable. The source of supply of the raw materials should be secure

4.2.4 List of main purchases and sales

1. The names of suppliers who have accounted for more than 10% of the total purchase amount in any of the past two years, as well as their purchase amount and proportion, and the reasons for their changes in increase or decrease:

Unit : NT\$ Thousands

Item	FY2024				FY2023			
	Name	Amount	Rate (%) to Net Sales Amount of the Whole Year	Relationship to the Issuer	Name	Amount	Rate (%) to Net Sales Amount of the Whole Year	Relationship to the Issuer
1	Manufacture A	583,115	45.78%	Substantial related person	Manufactur e A	652,651	49.21%	Substantial related person
2	Manufacture B	386,441	30.34%	None	Manufactur e B	376,009	28.35%	None
3	Others	304,140	23.88%	None	Others	297,605	22.44%	None
	Net Sales Amount	1,273,696	100.00%		Net Sales Amount	1,326,265	100.00%	

Reason for changes in increase or decrease: The purchase amount in 2024 decreased compared to 2023, primarily due to ongoing inventory adjustments by customers in the North American market. As a result, the demand for finished goods, raw materials, and semi-finished products declined accordingly.

- The names of customers who have accounted for more than 10% of total sales in any of the past two years, as well as their sales amount and proportion, and the reasons for their increase or decrease shall be explained:

Unit : NT\$ Thousands

Item	FY2024				FY2023			
	Name	Amount	Rate (%) to Net Sales Amount of the Whole Year	Relationship to the Issuer	Name	Amount	Rate (%) to Net Sales Amount of the Whole Year	Relationship to the Issuer
1	Client A	613,273	28.81%	None	Client A	665,221	30.80%	None
2	Client B	540,786	25.41%	None	Client B	601,206	27.84%	None
3	Client C	274,072	12.88%	None	Client C	227,594	10.54%	None
4	Others	700,212	32.90%	None	Others	665,785	30.82%	None
	Net Sales Amount	2,128,343	100.00%		Net Sales Amount	2,159,806	100.00%	

Explanation of increase or decrease: The revenue in 2024 decreased compared to 2023, mainly due to continued inventory adjustments by customers in the North American market. This led to a reduction in automotive lighting purchases and, consequently, a decline in export orders.

4.3 Employee Information for the Past Two Years and as of the Printing Date of the Annual Report

Year		FY2023	FY2024	As of March 31, 2025
Employee No.	R&D and administrative personnel	109 people	109 people	106 people
	Business personnel	16 people	16 people	12 people
	Direct labor	76 people	56 people	53 people
	Total	201 people	181 people	171 people
Average Age		39.28 years old	40.58 years old	41.18 years old
Average Years of Service		7.16 years	8.09 years	8.53 years
Distribution Rate of Education	Master	2%	3%	3%
	University & College	59%	59%	59%
	Senior High School	31%	29%	29%
	Below Senior High School	8%	9%	9%

4.4 Environmental Protection Expenditure

4.4.1 The total amount of losses (including compensation) and penalties suffered due to environmental pollution for the most recent year and up to the date of publication of the annual report: None of these events.

4.4.2 Future response measures (including improvement measures) and possible expenses (including estimated amounts of losses, penalties, and compensation that may occur if no response measures are taken): Not applicable

4.5 Labor Relations

4.5.1 The company's various employee welfare measures, retirement system, implementation status, and agreements between labor and management:

The Company has an Employee Welfare Committee, which allocates welfare funds on a monthly basis in accordance with the provisions of the Employee Welfare Fund Regulations. The Employee Welfare Committee handles the planning of employee welfare and the management of income and expenditure of welfare funds.

a. Employees' Welfare Measures:

1. The Employee Welfare Committee was officially established in January 2003, and the existing welfare measures include:

(1) Birthday gifts, celebrations.

- (2) Cash gifts for childbirth, weddings, funerals, and celebrations.
 - (3) Domestic and foreign tourism subsidies.
 - (4) Subsidy for irregular small-scale activities.
 - (5) Cash gifts for Labor Day, Dragon Boat Festival, and Mid-Autumn Festival.
 - (6) Hospitalization consolation fund: For employees who are hospitalized due to illness or accidents, the Welfare Commission will send personnel on behalf of the company to visit and offer hospitalization consolation fund or equivalent gifts.
 - (7) Establish an employee suggestion mailbox as one of the channels for appealing employee opinions.
2. The company provides:
- (1) Provide a congratulatory gift when the employee gets married.
 - (2) Education and training subsidies.
 - (3) Year-end bonus.
 - (4) Employee dividends.
 - (5) Appropriation of retirement benefits.
 - (6) Subsidy for irregular small-scale activities.
 - (7) Cash gifts for Labor Day, Dragon Boat Festival, and Mid-Autumn Festival.
 - (8) Annual employee health checkups.
 - (9) Welfare fund allocation.
 - (10) Group insurance
 - (11) The employee's personal death shall be handled in accordance with Chapter 8 of the Work Rules on Occupational Disaster Compensation and Compensation, and a memorial ceremony or wreath shall be sent as a gesture of mourning.
3. Government decrees stipulate:
- (1) Labor health insurance.
 - (2) Withdrawal from the old pension fund special account and the new pension individual special account.
 - (3) If employees encounter occupational injuries or illnesses, they will be

compensated in accordance with the provisions of the Labor Standards Law.

- (4) The rest shall be handled in accordance with labor laws and labor and health insurance regulations.

b. Employee Continuing Education and Training:

1. The company has established education and training management measures, and has compiled education and training plans for each department in the budget operation for the next year. The main focus is on functional improvement and secondary functional training. The relevant education and training achievements for the year 2024 are as follows:

Item	Number of shifts	Total persons	Total hours	Total cost (NTD)
New recruit training	23	23	69	0
Internal functional training	10	70	116	0
External training	27	78	245	93,500
Total	60	171	430	93,500

2. The situation of manager training is as follows :

Title	Name	Date of Continuing Education	Course Name	Training hours
Director of F& A Dept.	Chih-He Kang	2024.12.05~2024.12.06	Issuer Securities Firm Stock Exchange Accounting Director Training Course for continuing professional development	12 hours
		2024.03.29	Enhancing Competitiveness through ESG Sustainability Strategy Development	3 hours
		2024.04.12	ESG Policies, Net-Zero Carbon Regulations, and Their Practical	6 hours

Title	Name	Date of Continuing Education	Course Name	Training hours
			Impacts on Financial Reporting in Annual Report Preparation	
Direct or of F& A Dept.	Chih-He Kang	2024.08.09	Corporate and Major Shareholder Taxation Issues	3 hours
		2024.09.05	2024 Information Session on Insider Shareholding Compliance for OTC and Emerging Market Companies	3 hours

3. Relevant personnel who have obtained relevant certificates about transparency of financial information: None.

c. Retirement system and its implementation:

(Old system) The retirement policy of the Company is applicable to employees with old seniority (who arrived before June 30, 2005), and the pension payment method is as follows:

1. In accordance with the Organizational Guidelines for the Labor Retirement Reserve Supervision Committee of Public Institutions issued by the Ministry of the Interior, our company officially established the Labor Retirement Reserve Supervision Committee on March 5, 2003; According to the actuarial evaluation report on employee benefits issued by the actuary, the labor retirement reserve shall be allocated on a monthly basis and deposited into the "Retirement Reserve Account" of Bank of Taiwan.
2. Two bases will be given for each full year of work experience. For work experience exceeding fifteen years, one base will be given for each full year, with a maximum limit of forty-five bases. Those who have not completed half a year shall be counted as half a year, and those who have not completed one year shall be counted as one year. One base is the average monthly salary. The average salary is calculated based on the average salary for the six months prior to retirement.
3. The payment of retirement pension can be made in one lump sum.
4. The right to apply for retirement pension shall be extinguished if it is not exercised for more than five years from the month following retirement.

(New system) The retirement benefits for employees who are not eligible for the old system employee retirement plan (who started working after July 1, 2005) are as follows:

1. In accordance with the provisions of the Labor Pension Regulations, starting from July 1, 2005, the Company will contribute 6% of the labor pension according to the corresponding salary classification table of employees, and deposit it into the Labor Pension Personal Account of the Labor Insurance Bureau on a monthly basis.
2. Payment of retirement pension: Monthly retirement pension may be paid after 15 years of service; the principle of one-time payment is for those with less than fifteen years of experience.
3. The right to apply for retirement pension shall be extinguished if it is not exercised for more than five years from the month following retirement.
- d. Agreement between labor and management and measures for safeguarding employee rights and interests:

Since its establishment, the Company has been able to coexist harmoniously between labor and capital, contributing to the development of our business together, and has not suffered losses due to labor disputes.

- 4.5.2 The losses suffered due to labor disputes in the most recent fiscal year and up to the date of publication of the annual report, as well as the estimated amount and countermeasures that may occur in the current and future: There are no such incidents.

4.6 Information Security Management:

- 4.6.1 Describe the security risk management structure, security policy, specific management plan and resources invested in security management of the information network:

1. Information security risk management structure

Although the Company has not established a cross departmental information security committee, the current head of the management department also holds the position of information security related affairs.

2. Information security policy

- (1) Regularly conduct information security promotion every year to establish employees' awareness of information security.
- (2) Protect confidential information of our company.
- (3) Preventing the invasion of computer viruses

- (4) Ensure that all information security incidents or suspected security vulnerabilities are reported upwards in accordance with appropriate reporting mechanisms, and are appropriately investigated and handled.
 - (5) Appropriate backup, backup, or monitoring mechanisms have been established for important information or equipment to maintain availability through regular drills.
3. Specific management plan and operational status
- (1) Do not install software on your own.
 - (2) Prohibit the use of external storage.
 - (3) Well organized network firewall
 - (4) Hierarchical permission control
 - (5) Use legal antivirus software
 - (6) Employee accounts, passwords, and permissions should be kept and used responsibly, and passwords should be changed regularly.
 - (7) The company has conducted information security promotion for the year 2024 and placed it in the internal employee system for reference by colleagues.
 - (8) At least once a year, conduct information security education and training, and place the data in the internal employee system for reference by colleagues.
 - (9) Commissioning of External Vendor to Conduct Social Engineering Simulation in 2024

4.6.2 List the losses, potential impacts, and corresponding measures suffered due to major information security incidents for the most recent fiscal year and up to the date of publication of the annual report. If it is impossible to reasonably estimate, explain the fact that it is impossible to reasonably estimate: There is no such situation.

4.7 Important Contracts

Note: Due to the involvement of trade secrets, it is not intended to disclose the names of the contracting parties and customers.

Nature of Contract	Parties Concerned	Date of Contract Started and Ended	Main Contents	Restriction Article
Short term loans	First Commercial Bank Xinhua Branch	2024/06/24~2025/06/24	Credit loan financing limit	None
Short-Term Loans with Guarantees	First Commercial Bank Xinhua Branch	2024/10/09~2025/06/24	Credit Facility for Short-Term Guaranteed Loans	None
Short term loans	E.SUN Bank	2024/10/17~2025/10/17	Credit loan financing limit	None
Hedge limit	E.SUN Bank	2024/10/17~2025/10/17	Hedge limit	None
Short term loans	DBS Bank	2024/07/11~2025/07/11	Credit loan financing limit	None
Hedge limit	DBS Bank	2024/07/11~2025/07/11	Hedge limit	None

V. Review of Financial Conditions, Operating Results, and Risk Management

5.1 Analysis of Financial Status

Comparative Analysis of Financial Situation Table

Unit : NT\$ Thousands

Year Item	FY2024	FY2023	Increase (decrease) amount	Increase/ decrease ratio (%)
Current assets	1,484,870	1,372,073	112,797	8.22%
Financial assets measured at fair value through other comprehensive income	2,924	2,924	0	0.00%
Property, plant and equipment	636,818	596,681	40,137	6.73%
right-of-use asset	6,984	16,245	(9,261)	(57.01%)
Investment property	51,528	52,156	(628)	(1.20%)
Intangible assets	470	1,296	(826)	(63.73%)
Other asset	413,596	325,613	87,983	27.02%
Total assets	2,597,190	2,366,988	230,202	9.73%
Current liabilities	694,874	787,751	(92,877)	(11.79%)
Non-current liabilities	6,062	9,689	(3,627)	(37.43%)
Total liabilities	700,936	797,440	(96,504)	(12.10%)
Capital stock	644,306	644,306	0	0.00%
Capital surplus	14,883	14,878	5	0.03%
Retained earnings	1,241,015	914,314	326,701	35.73%
Other equity interest	(3,950)	(3,950)	0	0.00%
Non-controlling interest	—	—	—	—
Total equity	1,896,254	1,569,548	326,706	20.82%

* If the changes in the above items in the later stage reach 20% or more, and the change amount reaches NT \$10 million or more, the analysis of the changes is as follows:

Other assets increased compared to the previous period, primarily due to an increase in prepayments, as the Company continued to invest in mold development to meet market demand with a diversified product portfolio.

* Impact of changes in financial status during the past 2 fiscal years: No significant impact on financial status.

5.2 Financial Performance

5.2.1 The main reasons and effects of major changes in operation revenue, operation net profit and income before tax during the past 2 fiscal years

Unit : NT\$ Thousands

Item \ Year	FY2024	FY2023	Increase (decrease) amount	Increase/ decrease ratio (%)
Total operating income	2,153,517	2,188,203	(34,686)	(1.59%)
Minus: sales returns and allowances	25,174	28,397	(3,223)	(11.35%)
Net operating income	2,128,343	2,159,806	(31,463)	(1.46%)
Operating costs	1,596,363	1,619,717	(23,354)	(1.44%)
Gross operating profit	531,980	540,089	(8,109)	(1.50%)
Operating Expenses	177,569	97,189	80,380	82.77%
Net operating profit	354,411	442,900	(88,489)	(19.98%)
Non-operating income and expenses	103,189	(89,080)	192,269	(215.84%)
Net profit before tax	457,600	353,820	103,780	29.33%
Income tax expense	99,398	93,590	5,808	6.21%
Current net profit	358,202	260,230	97,972	37.65%
Other comprehensive income and loss	715	33	682	2066.67%
Total comprehensive income and loss for the current period	358,917	260,263	98,654	37.91%

Analysis of changes in increase/decrease ratio:

1. Operating expenses increased compared to the previous year, primarily due to the reversal of expected credit gains in 2023, resulting in higher expense recognition compared to the prior period.
3. Increase of Non-operating income and expenses: primarily due to fluctuations in other gains and losses. In 2023, the Company recognized additional payments related to business tax violations and penalties for the period from April 2018 to October 2021. In contrast, in 2024, the Company recorded higher foreign exchange gains. These opposing effects led to significant changes in overall profit before tax, net income for the period, and total comprehensive income compared to the

previous period."

5.2.2 Expected sales volume and its basis:

Please refer to this annual report for details.

5.2.3 Potential impact on the company's future financial operations, and corresponding plans: No significant impact.

5.3 Analysis of Cash Flow

5.3.1 Analysis and description of cash flow changes in the most recent year:

Unit : NT\$ Thousands

Year Item	FY2024	FY2023	Change amount
Net cash inflows from operating activities	545,340	458,641	86,699
Net cash outflow from investment activities	(192,909)	(305,541)	112,632
Net cash outflow from financing activities	(96,975)	(205,509)	108,534
Impact of exchange rate changes	33,311	(908)	34,219
Decrease in cash and cash equivalents for the year	288,767	(53,317)	342,084

The analysis of cash flow changes in this period is as follows:

1. Net cash inflows from operating activities:

The change was primarily attributable to an increase in profit before tax and higher depreciation expenses.

2. Net cash outflow from investment activities:

Primarily due to a decrease in the acquisition of property and equipment compared to 2023.

3. Net cash outflow from financing activities:

Primarily due to a decrease in the amount of cash dividends distributed.

5.3.2 Improvement plan for insufficient cash flow liquidity in the most recent year: None

5.3.3 Cash liquidity analysis for the next year

Unit: NT\$ Thousands

Cash balance at the beginning of the year	Expected annual net cash flow from operating activities	Expected annual cash outflow	Expected remaining (insufficient) amount of cash	Remedial measures for expected cash shortfall	
				Investment plan	Fundraising plan
781,991	544,564	312,215	1,014,340	—	—

* Analysis of expected cash flow changes in the next year:

It is estimated that the cash outflow in the next year will mainly be the payment of cash dividends and income taxes, the addition of production equipment and molds, the repayment of bank loans and working capital. The Company's existing cash position will be sufficient to cover the expenses.

5.4 Impact of Major Capital Expenditure in the Recent Year on the Financial Status: None

5.5 Investment Policies in the Most Recent Year, the Main Reasons for its Profit or Loss, the Improvement Plan, and Investment plan in the next year

1. The Company's reinvestment policy: None.
2. The main reason for profit or loss: Not applicable.
3. Improvement plan: Not applicable.
4. Investment plan for the next year: None.

5.6 Risk Analysis and Assessment for the Most Recent Year and as of the Publication Date of the Annual Report

5.6.1 The impact of interest rate, exchange rate changes and inflation on the company's profit and loss and response measures to be taken in the future

1. Interest rates:

In 2024, due to the fact that the funds required for the Company's operations were mainly funded by operating expenses, the ratios of interest income and interest expenses to operating income in 2024 were only 1.18% and 0.22%. Therefore, changes in interest rates did not have a significant impact on the Company.

2. Exchange rate:

Due to the Company's main business being export sales, with a high proportion of foreign currency quotations, sales are mainly based on US dollars, while

procurement is mostly priced in Taiwan dollars, which is affected by exchange rate fluctuations.

In 2024, the U.S. dollar appreciated against the New Taiwan dollar compared to 2023, resulting in a net foreign exchange gain of NT\$73,702 thousand from the Company's foreign currency positions, which had an impact on the Company's profitability.

In order to avoid significant impact of exchange rate fluctuations on profits, the Company adheres to the principle of conservatism and conservatism in response to exchange rate fluctuations. The specific measures are as follows:

- (1) The Company often maintains close contact with various banks, references expert opinions and consultations at any time, collects various financial information, and obtains relevant data on the bank's views on exchange rate trends, in order to fully and timely grasp exchange rate dynamics.
- (2) Strengthen the sensitivity and trend analysis of financial personnel to exchange rate fluctuations, in order to understand information on exchange rate fluctuations and manage exchange risk.
- (3) Based on the evaluation of future exchange rate fluctuations, the finance and accounting department applies the pre-sale forex limit and short-term foreign currency borrowing to cope with the impact of temporary large exchange rate fluctuations on insufficient hedging positions.
- (4) When quoting, sales departments should consider future exchange rate trends to reduce foreign exchange timing risks, establish a concept of customer sharing exchange rate risks, and adjust order prices appropriately to ensure the profitability of the company's products.
- (5) Enhance the added value and quality of products, fully control costs, and promote gross profit to reduce the impact of exchange rate fluctuations on gross profit margin.

3. Inflation:

Although global inflation has shown signs of easing, price pressures persist due to a combination of complex factors. Among them, energy prices – particularly crude oil – continue to significantly impact global inflation. Geopolitical tensions, such as the Russia-Ukraine war and the Israel-Hamas conflict, have further increased uncertainty in the energy markets. In addition, throughout 2024, global supply chains remain challenged by U.S.-China tensions, geopolitical conflicts, extreme weather events, and labor strikes.

In response to these challenges in the sales market, the Company has continued

to require all departments to closely monitor the impact of inflation on the industry and operations. On the procurement side, the Company actively seeks diversified suppliers, monitors raw material prices and inventory levels, and exercises strict cost control. At the same time, the Company maintains a high level of sensitivity to market changes, ensuring strong communication with key customers to stay updated on inventory and demand trends, and adjusts its sales strategies and response measures in a timely manner to mitigate operational risks and ensure supply stability.

5.6.2 Policies for engaging in high-risk, high-leverage investments, capital lending to others, endorsement guarantees, and derivatives transactions, the main reasons for profits or losses, and future countermeasures:

1. The company mainly focuses on research and development, manufacturing, and sales, and does not engage in any high-risk or highly leveraged investments, so there is no significant profit or loss situation.
2. In 2024, the U.S. dollar appreciated against the New Taiwan dollar compared to 2023. As the Company held a significant amount of U.S. dollar-denominated assets, this resulted in a foreign exchange gain of NT\$73,702 thousand. In the future, we will continue to pay attention to foreign exchange changes and handle them in accordance with the company's established policies and procedures. For other reinvestment, fund lending to others, endorsement and guarantee, and derivative product trading operations, relevant laws and regulations and regulations of the competent authority will be implemented.

5.6.3 Future R&D plans and expected R&D expenses:

1. The Company's future R&D plans will develop innovative products with competitive advantages, pay attention to the development trends of the consumer product market, and develop high-quality and high value-added products. There are currently several R&D product project plans, including products in the field of automotive electronics related applications.
2. The Company allocates approximately 1% to 5% of its annual revenue as research and development funds to continue developing new products. In the future, this plan will also be used for development projects. By using the ISO 9000 management system, R&D personnel can record their experience and technology through the R&D process within the company for inheritance and preservation. The R&D team continuously absorbs valuable information in the market and clients through multiple channels to understand future technology and trends.

5.6.4 The impact of important domestic and foreign policies and legal changes on the

company's financial operations and corresponding measures:

The existing company operates in accordance with relevant laws and regulations both domestically and internationally, while paying attention to political and economic development and regulatory changes both domestically and internationally, in order to understand and respond to market changes. The company is constantly revising to meet actual operational needs.

5.6.5 The impact of technological changes (including asset security risks) and industrial changes on the company's financial operations and corresponding measures:

The PC assembly computer market has shrunk due to the substitution effect of notebook computers, tablet computers, smart phones and other products. In recent years, the Company has actively carried out transformation and diversified operations, and complied with the trend of environmental protection and energy conservation to develop various energy-saving applications, including LED lamp modules, to respond to changes and evolution in related industries. In addition, in terms of finance, we need to strengthen our financial operational capabilities and strengthen our financial structure as the foundation for sustainable operations. The Company has not experienced any financial or business impact due to technological or industrial changes in the most recent fiscal year and as of the date of publication of our annual report.

Please refer to page 136-137 for the Company's information security management policy and specific management plan. The Company regularly implements information security promotion and implements information security management. For the most recent fiscal year and as of the date of publication of the annual report, the Company has not suffered any losses due to major information security incidents that have affected our financial operations.

5.6.6 The impact of corporate image change on corporate crisis management and corresponding measures:

In recent years, the Company has continuously invested in environmental protection and social responsibility, with stable and transparent finances, a good corporate image, and independent directors and supervisors often provide management advice to urge the company to strengthen governance.

The Company has a spokesperson system responsible for planning and promoting the overall image of the company. In the event of a crisis that violates laws or regulations or affects the company's image, an emergency response team will be immediately established to assess the degree of impact, formulate countermeasures, and promptly communicate the corresponding countermeasures to the outside world to maintain the company's corporate image.

5.6.7 The expected benefits, potential risks, and response measures of the merger and acquisition: The Company has not conducted any merger and acquisition matters.

5.6.8 Expected benefits, potential risks, and response measures for expanding the factory building:

Since 2012, the Company has continuously expanded the production capacity and equipment of the car light business unit to meet the needs of major customer orders and delivery times, and achieve operational expectations of increasing revenue and increasing gross profit. Possible risks include increased operating costs due to capital expenditures for capacity expansion, such as the need to purchase molds and machinery, personnel and training costs, etc.

The Company will continue to inspect whether the actual operating results of the expanded factory and equipment meet the expected benefits, and will take various corresponding measures at any time.

5.6.9 Risks faced by centralized procurement or sales and corresponding measures:

The Company has entered the automotive product market due to incomplete product lines, limited production capacity, and limited customer numbers, resulting in a concentration of reliance on major customers and suppliers for procurement and sales. Please refer to pages 129-131 for the disclosure of the list of major purchases and sales for the past two years.

As the Company continues to develop new products and expand the market, we strive to attract new customers every year. However, the effect of new customers cannot be achieved overnight, resulting in the continued concentration of purchases or sales for the company. In addition to expanding the area of leased factories to increase production lines and improve self-production rates, the possibility of building new factories is also continuously evaluated. In terms of sales, we will also strengthen the development of new products to improve performance. We will continue to develop new customers and expand retail and online sales channels through active methods such as business visits and participation in trade shows, with the hope of further reducing the phenomenon of project advancement and sales concentration.

5.6.10 The impact, risks, and response measures of directors, supervisors, or major shareholders holding more than 10% of the shares on the company due to significant transfer or replacement of equity: None.

5.6.11 The impact, risks, and response measures of changes in management rights on the company: None.

5.6.12 Litigation or non-litigation matters, major litigation, non-litigation or administrative litigation matters which have been decided or are pending by the company and its

directors, supervisors, general managers, responsible persons, major shareholders holding more than 10% of the company and its subsidiaries, the outcome of which is likely to have a material impact on shareholders' equity or on the price of securities, Disclose the facts in dispute, the amount of the subject matter, the date of commencement of the lawsuit, the main litigants and the disposition of the case up to the date of publication of the annual report: None.

5.6.13 Other important risks and corresponding measures: None.

5.6.14 Organizational structure of risk management:

In order to integrate various risk control mechanisms of the Company, the President shall coordinate and command the plan, promotion and operation of risk management, and each responsible unit shall be responsible for the management of various business risks.

Audit Office: draw up an audit plan and carry out audit operations based on the results of risk assessment, and submit the audit results and improvements to the Board of Directors to reduce the overall operational risk.

F & A Dept.: reduce the financial risk of the company through capital and tax planning, customer credit risk control and other mechanisms.

Information Office: Responsible for the security control and maintenance of information network systems, while implementing remote backup mechanisms for important information assets of the company to reduce the impact of operational risks.

Administration Dept.: Responsible for reviewing various contracts and applications for intellectual property rights, and handling legal disputes or lawsuits to reduce legal risks in company operations.

5.7 Other Important Matters

None.

5.8 Supplementary Evaluation Basis and Basis for the Listing Method of the company's Assets and Liabilities Evaluation Subject

Item	Asset liability evaluation subjects	Evaluation Basis	Evaluation Basis
1	Allowance for bad debts	Aging analysis method	The expected credit loss during the existence period is calculated using a preparation matrix, which takes into account the customer's past default records and current financial situation, as well as GDP forecasts
2	Allowance for losses on inventory obsolescence	Analysis Method for the Aging of Dependent Goods and Dead Stocks	Car lamp inventory: A. If the inventory age is 360~719 days, the withdrawal rate is 30%. B. If the inventory age is more than 720 days, the withdrawal rate is 60%. C. For the warehouse to be scrapped, the withdrawal rate is 100%.

VI. Special Disclosure

6.1 Summary of Affiliated Companies

6.1.1 Business report on merger of affiliated enterprises: None.

6.1.2 Overview of affiliated enterprises:

1. According to Article 369-3 of the Company Act, it is presumed that there is a controlling and subordinate relationship: more than half of the company and Eagle Eyes Traffic Ind. Co., Ltd. are indirectly held or invested by the same shareholders.

Date : January 26, 2024

Unit : NT\$ Thousands

Company	Date of Incorporation	Address	Paid-in Capital	Main business or production items
Eagle Eyes Traffic Ind. Co.,Ltd.	1978.10.21	No. 818, Zhongshan N. Rd., Yongkang Dist., Tainan City 71041, Taiwan	560,000	Manufacturing, processing, and trading of spare parts and electronic components (excluding pipe products) for automobiles, bicycles, and other vehicles.
Zhicheng Investment Co., Ltd	100.03.22	1F., No. 22-6, Ln. 372, Yuping 9th St., Anping Dist., Tainan City 708, Taiwan	100,000	General Investment Industry

2. The names of directors, supervisors, and presidents of each affiliated enterprise, as well as their shareholding or investment in the enterprise:

Company	Title	Name or representative	Holding shares	
			Number of shares	Shareholding ratio
Eagle Eyes Traffic Ind. Co.,Ltd.	Chairman	Mei- zhen Lin Liu	3,229,911	5.77%
	Director	Shu-zheng Lin	702,477	1.25%
	Director	Chong-Yi Lin	828,264	1.48%
	Supervisor	Chi-chung Lin	0	0.00%
Zhicheng Investment Co., Ltd	Chairman	Yu-zhu Lin	5,080,000	50.80%
	Director	Chong-Yi Lin	7,000	0.07%
	Supervisor	Yung-Hui Chiu	0	0.00%

6.1.3 Overview of affiliated enterprise operations

Please visit the Market Observation Post System (MOPS) at <http://mops.twse.com.tw>, click on "Listed Company Information," then go to "Electronic Document Download," and select the "Affiliated Enterprises Statements Section" to proceed with the query.

6.2 Private Placement of Securities during the Most Recent Year and as of the Date of Publication of the Annual Report

None

6.3 Other Necessary Supplementary Explanations

None

6.4 In the Most Recent Fiscal Year and up to the Date of Publication of the Annual Report, if any of the Events Specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act Has a Significant Impact on Shareholders' Equity or Securities Prices

None

LFA CO.,LTD.

Chairman : Chong-Yi Lin