

Stock Code : 8043

# Honey Hope Honesty Enterprise Co., Ltd.

## 2024 Annual Report

Annual report is available at

Taiwan Stock Exchange Market Observation Post System: <https://mops.twse.com.tw>

Company Website: <https://www.threehhh.com.tw>

**Printed on May 8, 2025**

### Notice to readers

*This English-version annual report is a summary translation of the Chinese version and is not an official document of the Shareholders' Meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.*

**I. Spokesperson and Acting spokesperson**

Spokesperson: Tsai, Su-Chin

Title: Senior Manager

Tel: (02)8751-1779

E-mail: investor@threehhh.com.tw

Acting Spokesperson: Chang, Wen-Wen

Title: Assistant Manager

Tel: (02)8751-1779

E-mail: investor @threehhh.com.tw

**II. The Company's Headquarters, Branch Offices, and Factories**

Headquarters:

Address: 8F., No. 316, Neihuo Road, Sec. 1, Taipei City

Tel: (02)8751-1779

Branch Offices: None.

Factories: None.

**III. Shares Transfer Agency**

Name: Registrar & Transfer Agency Department of KGI Securities Co. Ltd.

Address: 5F, No. 2, Sec. 1, Chung-Chin S. Rd., ZhongZheng Dist., Taipei City

Website: <https://www.kgi.com.tw>

Tel: (02)2389-2999

**IV. Contact Information of the Certified Public Accountants for the Latest Financial Report**

Name of CPA: Yeh, Tsui-Maio, Tu, Chan-Yuan

CPA Firm: PricewaterhouseCoopers Taiwan

Address: 27F., No.333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City

Website: <https://www.pwc.tw>

Tel: (02)2729-6666

**V. The name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: Not applicable.**

**VI. Company website: <https://www.threehhh.com.tw>**

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## Chapter 1 Letter to shareholders

Dear Shareholders:

Thank you all for being here with us. On behalf of the Company, I would like to express my sincere gratitude for your support over the past year! Looking back in 2024, the terminal inventory liquidation has drawn to an end, inventory replenishment has warmed up, and AI server shipments have gradually grown, as well as Generative artificial intelligence (Gen AI), especially on mobile phones and computers, has attracted a lot of attention with the AI boom driven by ChatGPT, pushing up the terminal demand for consumer electronics. But the consolidated revenue of NT\$4,688,007 thousand dollars in 2024 represented a 4.05% decline from NT\$4,885,670 thousand dollars in 2023, due to the supplier's adjustment of its sales policy. Despite the consolidated top-line inched down, the consolidated net operating margin in 2024 increased 54.47% to NT\$209,694 thousand dollars from NT\$135,753 thousand dollars in 2023, primarily due to low gross margin caused by inventory liquidation seen in the prior year. Additionally, the consolidated non-operating income and expenses of NT\$148,055 thousand dollars in 2024 increased 307.42% compared to the consolidated non-operating income and expenses of NT\$36,340 thousand dollars in 2023, due to the depreciation of NT dollar, and the disposal of the financial assets. As a result, the consolidated pre-tax net profit of NT\$135,329 thousand dollars in 2024 increased 898.17% compared to the pre-tax net loss of NT\$16,955 thousand dollars in 2023.

In addition to continuing to expand the sales of product in the existing markets, the Company exploited the new market (such as Vietnam, Thailand, and India), and expanded new product lines proactively to grow business opportunities, and enhance competitiveness. The Company did not make public its forecast for 2023, so there is no need to disclose the operating budget performance. However, the overall actual operating conditions and performance are generally in line with the Company's internal operating plan.

The summary of the business plan for 2025, the Company's future development strategy, and the effect of external competition, the legal environment, and the overall business environment are explained as follows:

### I. The summary of the business plan for 2025

#### (I) Business policy

1. Adjust the product mix to expand the market. (Sales of microphones, sensor, E-BIKE controller module, motor design, and GaN power controller module)
2. Plan out to exploit the automotive mechanical industry and AI market actively. (Plan sales for mechanical industry customers)
3. Expand new product lines proactively, and strengthen the relationships with key partners.
4. Expand the layout of the Mainland China and overseas markets, and strengthen the overseas operating model and logistics management.
5. Strengthen technical support skills and endeavor to exploit terminal products.
6. Strengthen real-time information management and service system.
7. Strengthen the Company's management mechanisms in order to achieve the goal of efficiency in management and control.

#### (II) The sales volume forecast and the basis thereof

In 2025, the global economy will face increasing risks due to armed conflicts, geopolitical tensions, Trump's 2.0 tariffs policy uncertainty, trade protectionism, and the tightening of global financial conditions, posing hidden dangers to economic growth. Amid high uncertainty in the global economy, sales volumes in 2025 are expected to remain conservative, and full-year sales volumes will still depend on the state of global economic recovery, changes in the industry's operating environment and how long they will last.

(III) The important production and sales policies

The Company expands its market share with the advantages of existing product lines and high-capacity products, and applies E-Bike controller modules and motors to the pedal assist bike and industrial machinery to expand the penetration of the industrial market and break into the pedal assist bike markets in European and American. The Company will continue to construct and offer more convenient warehousing and logistics system to deliver great customer service to meet customers' needs, and expand its new agency product lines through years of contacts and popularity accumulated in the industry, as well as the advantages of marketing and technical services.

II. The Company's future development strategy

- (I) Control, review and analyze costs and expenses in time and effectively.
- (II) Strengthen the efficiency of the Company's remote management and improve quality customer service.
- (III) Continue to deepen the penetration of existing markets in South China and Central China, exploit the Southeast Asian market, and the market for mid-drive motors used in pedal assist bikes in European and American to expand the market share.
- (IV) Expand new product lines about critical parts, such as E-Bike controller modules, microphones, Image Signal Processor (ISP) etc. to improve product integrity.
- (V) Integrate the resources of subsidiaries and reinvestment companies, and make overall planning to improve the operational efficiency of the organization.

III. The effect of external competition, the legal environment, and the overall business environment

Due to increasing competition in external environment and price competition from Mainland China and Korean products, the Company controls costs actively, strives to adjust the product mix, develops new niche markets, and expands the market share to maintain and improve the Company's profit.

Emphasizing green environmental protection is the trend relevant for future industrial development. Countries worldwide have successively proposed the targets on net-zero emissions, resulting in downstream suppliers being asked to adjust manufacturing processes. The Company is mainly engaged in the distribution and resale of passive components of Taiyo Yuden, such as Multi-Layer Ceramic Capacitors and inductors. Taiyo Yuden has taken the "Green" into consideration, and adjusted manufacturing processes to comply with the relevant environmental laws and regulations. When expanding new agency product lines, the Company takes the "Green" into consideration, and prudently assess whether a product is compliant with environmental laws and regulations.

The Company, again, sincerely appreciates your long-term support. The Company's management team and employees will continue to optimize the product lines and services, strengthen the cooperative relationships with key partners to create long-term value for shareholders.

The Company wishes you:

Good Health and Prosperity!

Chairman : Lin, Hsun-Min

Managerial Officer : Hsu, Hung-Chih

Chief Accountant : Tsai, Su-Chin

## Chapter 2 Corporate governance report

### I. Information on the directors, president, vice presidents, senior managers, and the supervisors of all the divisions and branch units

#### (I) Directors

##### 1. Information on the directors

April 13, 2025

Job Title	Name	Relationship	Notes	Positions held concurrently in the Company and/or in any other company	Principal work experience and academic qualifications	Shares held through nominees		Shares currently held by spouse and minor children		No. of shares currently held		No. of shares held at time of election		Commencement date of first term	Term (years)	Date of election/appointment to current term	Gender/ age	Name Nationality	Job Title
						No. of shares (shares)	Share-holding ratio (%)	No. of shares (shares)	Share-holding ratio (%)	No. of shares (shares)	Share-holding ratio (%)	No. of shares (shares)	Share-holding ratio (%)						
Chairman	Lin, Hsun-Min	None	None	Chief Strategy Officer, the Company Representative Director, Honey Hope International (Shanghai) Co., Ltd.	EMBA, National Taiwan University Department of Electrical Engineering, Kuang Wu Industry Junior College Sales Specialist, Holy Stone Enterprise Co., Ltd.	5,759,139	7.20	2,242,021	2.81	5,657,139	7.07	5,657,139	7.20	1989.05	3	2023.06	Male/61-70	Lin, Hsun-Min	Chairman
Vice Chairman	Chen, Lu-Hsi	None	None	Deputy Chief Strategy Officer, the Company Representative Director, Outrange Star Limited Representative Director, Multileader Co., Limited	Department of Electrical Engineering, Kuang Wu Industry Junior College Sales Specialist, World Peace Industrial Co., Ltd.	4,044,877	5.06	2,666,067	3.33	4,044,877	5.06	4,044,877	5.06	1989.05	3	2023.06	Male/61-70	Chen, Lu-Hsi	Vice Chairman
Director	Fan, Shu-Hui	None	None	None	Department of International Business, Ling Tung Junior College Sales Manager, World Peace Industrial Co., Ltd. Marketing & Sales Manager, WPG Holding Limited	-	-	-	-	-	-	-	-	2020.06	3	2023.06	Female/61-70	Fan, Shu-Hui	Director
Director	Chen, Ting-Tsung	None	None	Chief Marketing Officer, World Peace Industrial Co., Ltd.	Department of Electronic Engineering, Hsin-pu Industry Junior College Executive Vice President/ Marketing Officer, World Peace Industrial Co., Ltd.	-	-	-	-	-	-	-	-	2020.06	3	2023.06	Male/61-70	Chen, Ting-Tsung	Director

Notes		Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree		Relationship		Job Title		Name		Relationship		Notes	
Positions held concurrently in the Company and/or in any other company		Principal work experience and academic qualifications		Shares held through nominees		Shares currently held by spouse and minor children		No. of shares currently held		No. of shares held at time of election		Commencement date of first term	
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Note : Where the Chairman of the Board of Directors and President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: none.



2. For directors acting as the representatives of institutional shareholders, this section shall indicate the names of the institutional shareholders, and shall further indicate the names of its 10 largest shareholders and the holding percentage of each. If any of those 10 largest shareholders is an institutional shareholder, the name of the corporate shareholder and the names of its 10 largest shareholders and the holding percentage of each shall be noted: None.
3. Professional qualifications and independence analysis of the Directors

Qualification Name	Professional Qualifications and Experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Lin, Hsun-Min	Graduated from Master, Business Administration, National Taiwan University. Possess plentiful Industry Knowledge and international market perspective, and the abilities of leadership, policy decisions, product marketing, operational judgments, business management, crisis management, and strategic planning. Possess work experience in the area of commerce, finance, and otherwise necessary for the business of the Company with at least five years. For principal work experience and academic qualifications, please refer to Point 1 " Information on the directors " on pages 3-4, of this Annual Report.	Not been a person of any conditions defined in Article 30 of the Company Law.	0
Chen, Lu-Hsi	Possess plentiful Industry Knowledge and international market perspective, and the abilities of leadership, policy decisions, product marketing, operational judgments, business management, crisis management, and strategic planning. Possess work experience in the area of commerce, finance, and otherwise necessary for the business of the Company with at least five years. For principal work experience and academic qualifications, please refer to Point 1 " Information on the directors " on pages 3-4, of this Annual Report.		0
Fan, Shu-Hui	Possess the abilities of product marketing, business management, and communication. Possess work experience in the area of commerce, finance, and otherwise necessary for the business of the Company with at least five years. For principal work experience and academic qualifications, please refer to Point 1 " Information on the directors " on pages 3-4, of this Annual Report.		0
Chen, Ting-Tsung	Possess plentiful Industry Knowledge and international market perspective, and the abilities of strategic planning, market and customer development, product marketing, and coordination & integration. Possess work experience in the area of commerce, finance, and otherwise necessary for the business of the Company with at least five years. For principal work experience and academic qualifications, please refer to Point 1 " Information on the directors " on pages 3-4, of this Annual Report.		0
Yuan, Hung-Chen	Possess plentiful procurement experience and expertise, and the abilities of market trend analysis, inventory management, sourcing and procurement optimization, marketing channels, price negotiation, etc. Possess work experience in the area of commerce, finance, and otherwise necessary for the business of the Company with at least five years. For principal work experience and academic qualifications, please refer to Point 1 " Information on the directors " on pages 3-4, of this Annual Report.	(1) During the two years before being elected or during the term of office, all independent directors don't have been or be a person of any conditions defined in paragraph 1,	0
Shih, Chun-Mei	Served as an accounting supervisor for many years, and possess extensive experience in reviewing and supervising accounting, investment, tax, financial analysis, etc. and cross-departmental communication and collaboration. Possess work		0

Qualification Name	Professional Qualifications and Experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
	experience in the area of commerce, finance, and otherwise necessary for the business of the Company with at least five years. For principal work experience and academic qualifications, please refer to Point 1 " Information on the directors " on pages 3-4, of this Annual Report.	Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies.	
Hsiao, Shu-Chen	Served as a securities business supervisor for many years, and possess extensive experience in reviewing and supervising accounting, investment, tax, financial analysis, etc. and cross-departmental communication and collaboration. Possess work experience in the area of commerce, finance, and otherwise necessary for the business of the Company with at least five years. For principal work experience and academic qualifications, please refer to Point 1 " Information on the directors " on pages 3-4, of this Annual Report. sales experience in securities	(2) Not been a person of any conditions defined in Article 30 of the Company Law.	0

#### 4. Diversity and independence of the Board of Directors

##### (1) Diversity of the Board of Directors

The operations of an effective Board of Directors are fundamental to the Company's sustainability. The main responsibilities of the Board of Directors are to supervise the Company's compliance with relevant laws and regulations, the timely disclosure of material information and to ensure integrity in all of the Company's operations. In addition, it is essential for the Board of Directors to maintain a good communication channel and positive interaction with the management team, provide a guideline for the Company's operations and make resolutions regarding material strategies to ensure the Company's development and to protect shareholders' interests.

The Company's Corporate Governance Best Practice Principles clearly stipulates that the composition of the board of directors shall be determined by taking diversity into consideration, such as gender, age, nationality, culture, professional background, professional skills, and industry experience. All members of the Board of Directors shall have the knowledge, skills, and experience necessary to perform their duties. To cater for the needs of the Company's business development and achieve the ideal goal of corporate governance, the Board of Directors shall possess the abilities of Operational Judgments, Accounting & Finance, Business Management, Crisis Management, Industry Knowledge, International Market Perspective, Leadership, and Policy Decisions.

The professional abilities of the members of the Board of Directors of the Company are as follows:

Title	Name	Gender	An Employee/ Management of the Company	Professional Abilities							
				Operational Judgments	Accounting & Financial analysis	Business Management	Crisis management	Industry Knowledge	International Market Perspective	Leadership	Policy Decisions
Chairman	Lin, Hsun-Min	Male	✓	✓	✓	✓	✓	✓	✓	✓	✓
Vice Chairman	Chen, Lu-Hsi	Male	✓	✓		✓	✓	✓	✓	✓	✓
Director	Fan, Shu-Hui	Female		✓		✓		✓			✓
Director	Chen, Ting-Tsung	Male		✓		✓	✓	✓	✓	✓	✓
Independent Director	Yuan, Hung-Chen	Male		✓		✓		✓	✓	✓	✓
Independent Director	Shih, Chun-Mei	Female		✓	✓	✓				✓	✓
Independent Director	Hsiao, Shu-Chen	Female		✓	✓	✓				✓	✓

The Directors have a great breadth of knowledge and experience, and possess professional qualifications in the areas of electronics industry, finance and accounting, and the necessary abilities and skill to perform their duties. The Chairman has ample experience with the Company's operations and the business acumen to lead the Company and make decisions in the shareholders' best interests.

To strengthen the structure of the Board of Directors and enhance management efficiency and effectiveness, the Audit Committee and the Remuneration Committee have been set up under the Board of Directors. To strengthen the diversity of the Board of Directors and promote gender equality among the composition for all seats of the Board of Directors, the Company's 12<sup>th</sup> term directors, composed of 7 directors in total, including 3 independent directors, was elected on June 12, 2023. After the election, the ratio of independent directors and directors as employees of the Company of the board were left unchanged at approximately 42.9% and 28.6%, respectively. The ratio of female director of the board was increased from 28.6% to 42.9%, and half of the independent directors serve for not more than three consecutive terms. In addition, the Company has appointed a suitable person from the management team to act as a president in 2023 to avoid the situation of the chairperson and president are the same person. Due to a female independent director's resignation for personal reasons in July, 2023, the Company has increased one female director in the by-election at the Annual Shareholders Meeting on June 12, 2024. After the by-election, the ratio of independent directors, directors as employees of the Company, and the ratio of female director of the board remained the same and half of the independent directors serve for not more than three consecutive terms.

(2) Independence of the Board of Directors

The Company's Board of Directors currently consists of 7 directors, 3 of whom are independent and represent 42.9% of the total number of directors. Each of the independent directors provided written " declaration of independence " to the Company to confirm the independence of himself and his immediate family relative to the Company. According to the Company's Corporate Governance Best Practice Principles, independent directors shall also maintain independence within the scope of their directorial duties, and may not have any direct or indirect interest in the Company. All of the directors are not related to each other as spouses or relatives within the second degree of kinship, which complies with paragraph 3 and 4 of Article 26-3 of the Securities and Exchange Act. In summary, the Board of Directors maintain their independence and perform their duties.

(II) President, vice presidents, senior managers, and the supervisors of all the divisions and branch units

April 13, 2024

Job title	Name /Nationality	Gender	Date of appointment to current term	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
				No. of shares (shares)	Share-holding ratio	No. of shares (shares)	Share-holding ratio	No. of shares (shares)	Share-holding ratio			Title	Name	Relationship
CSO	Lin, Hsun-Min R.O.C.	Male	2023.05.02	5,657,139	7.07%	2,242,021	2.81%	-	-	EMBA, National Taiwan University Department of Electrical Engineering, Kuang Wu Industry Junior College Sales Specialist, Holy Stone Enterprise Co., Ltd.	Chairman, the Company Representative director, Honey Hope International Trading (Shanghai) Co., Ltd.	None	None	None
Deputy CSO	Chen, Lu-Hsi R.O.C.	Male	2023.05.02	4,044,877	5.06%	2,666,067	3.33%	-	-	Department of Electrical Engineering, Kuang Wu Industry Junior College Sales Specialist, World Peace Industrial Co., Ltd.	Vice chairman, the Company Representative director, Outrange Star Limited Representative director, Multileader Co., Limited	None	None	None
President	Hsu, Hung-Chih R.O.C	Male	2023.06.20	8,000	-	-	-	-	-	Department of Civil Engineering, Nanya Polytechnic Sales Manager, Taiwan Taiyo Yuden Co., Ltd.	Representative supervisor, Honey Hope International Trading (Shanghai) Co., Ltd. Vice President, Multileader Co., Limited	None	None	None
Vice President	Hsiao, Chih-Chih R.O.C	Male	2019.09.01	25,000	0.03%	-	-	-	-	Department of Electrical Engineering, Kuang Wu Industry Junior College Sales Executive, Yel Electronics Limited	None	None	None	None
Vice President	Huang, Yi-Chieh R.O.C	Male	2019.04.01	-	-	-	-	-	-	Grossmont College -International Business China Fun Chinese Restaurant -Floor Manager Communication Culture -Managing director	None	None	None	None

Job title	Name /Nationality	Gender	Date of appointment to current term	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree		
				No. of shares (shares)	Share-holding ratio	No. of shares (shares)	Share-holding ratio	No. of shares (shares)	Share-holding ratio			Title	Name	Relationship
Sales Senior Manager	Lin, Yu-Chun R.O.C.	Male	2020.02.01	15,000	0.02%	-	-	-	-	Bachelor of Agricultural Marketing, National Chung Hsing University Senior Manager, Synnex Technology International Corporation	None	None	None	None
Finance Senior Manager (Chief Corporate Governance Officer)	Tsai, Su-Chin R.O.C.	Female	2022.03.01	2,610	-	-	-	-	-	Master of Science in Accounting, National Taipei University Bachelor of Science in Accounting, Chinese Culture University Senior, PricewaterhouseCoopers Taiwan	None	None	None	None
IT Senior Manager (Information Security Supervisor)	Liu, Fang-Li R.O.C.	Male	2023.03.01	9,740	0.01%	-	-	-	-	Master of Information Management, Shih Hsin University Bachelor of Information Management, Shih Chien University	None	None	None	None
Sales Director	Hsieh, Hung-Chang R.O.C.	Male	2024.01.30	-	-	-	-	-	-	Department of International Trade, Takming Junior College Sales, Laurels Carry & Leap International Corp.	None	None	None	None

Note : Where the Chairman of the Board of Directors and President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: None.

## II. Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers

### (I) Remuneration to ordinary directors and independent directors (individual Disclosure of Names and Remuneration Items)

Unit: NT\$ thousands, except otherwise stated

Job Title	Name	Remuneration to directors				Sum of A+B+C+D and ratio to net income		Remuneration received by directors for concurrent service as an employee				Sum of A+B+C+D+E+F+G and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company		
		Base compensation (A)	Retirement pay and pension (B)		Director profit-sharing compensation (C)	Expenses and perquisites (D)	Salary, rewards, and special disbursements (E)	Retirement pay and pension (F)		Employee profit-sharing compensation (G)		The Company	All consolidated entities			
			All consolidated entities	The Company				All consolidated entities	The Company	All consolidated entities						
										Amount in cash	Amount in stock				Amount in cash	Amount in stock
Director	Lin, Hsun-Min	-	-	376	-	376	0.31%	3,294	-	1,958	-	-	5,628	4.64%	5,628	4.64%
	Chen, Lu-Hsi	-	-	375	-	375	0.31%	3,172	-	1,959	-	-	5,506	4.54%	5,506	4.54%
	Fan, Shu-Hui	-	-	394	-	394	0.32%	-	-	-	-	-	394	0.32%	394	0.32%
	Chen, Ting-Tsung	-	-	394	-	394	0.32%	-	-	-	-	-	394	0.32%	394	0.32%
Independent Director	Yuan, Hung-Chen	-	-	493	-	493	0.41%	-	-	-	-	-	493	0.41%	493	0.41%
	Shih, Chun-Mei	-	-	342	-	342	0.28%	-	-	-	-	-	342	0.28%	342	0.28%
	Hsiao, Shu-Chen (Note)	-	-	335	-	335	0.28%	-	-	-	-	-	335	0.28%	335	0.28%
<p>1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: The remuneration of Directors shall be appointed in accordance with the provisions of Article 20 of the Company's Articles of Incorporation and Regulations for the Payment of the remuneration of Directors and Functional Committee Members. According to Article 20 of the Company's Articles of Incorporation, the Company shall allocate no more than 2% of the profit (which means income before tax excluding the compensation distributable for employees and the Directors) as director remuneration. Directors' remuneration shall be distributed by taking various aspects including directors' responsibilities at the Company, the extent of each director's involvement and contributions to the Company's operation, the performance for other positions, and the performance evaluation results from the Board and functional committee into consideration, and referring to relevant industry standards and the Company's management performance, and shall be approved by the Remuneration Committee and submitted to the Board of Directors for resolution.</p> <p>2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None .</p>																

1. Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: The remuneration of Directors shall be appointed in accordance with the provisions of Article 20 of the Company's Articles of Incorporation and Regulations for the Payment of the remuneration of Directors and Functional Committee Members. According to Article 20 of the Company's Articles of Incorporation, the Company shall allocate no more than 2% of the profit (which means income before tax excluding the compensation distributable for employees and the Directors) as director remuneration. Directors' remuneration shall be distributed by taking various aspects including directors' responsibilities at the Company, the extent of each director's involvement and contributions to the Company's operation, the performance for other positions, and the performance evaluation results from the Board and functional committee into consideration, and referring to relevant industry standards and the Company's management performance, and shall be approved by the Remuneration Committee and submitted to the Board of Directors for resolution.

2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company/any consolidated entities / invested enterprises): None.

Note: Elected on June 12, 2024.

(II) Remuneration to president(s) and vice president(s) (disclosure of aggregate remuneration plus disclosure of names by remuneration range)

Unit: NT\$ thousands, except otherwise stated

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)				Sum of A+B+C+D and ratio to net income	Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	Amount in cash	Amount in stock	All consolidated entities		
CSO	Lin, Hsun-Min	9,381	9,381	-	-	3,006	3,006	-	4,926	-	17,313 14.26%	17,313 14.26%	None
Deputy CSO	Chen, Lu-Hsi												
President	Hsu, Hung-Chih												
Vice President	Hsiao, Chih-Chih												
Vice President	Huang, Yi-Chieh												

Names of remuneration paid to each of the Company's President (s) and Vice President (s)	Names of President (s) and Vice President (s)	
	The Company	All consolidated entities
Less than NT\$1,000,000 元	-	-
NT\$1,000,000 (incl.) ~ 2,000,000 (excl.)	-	-
NT\$2,000,000 (incl.) ~ 3,500,000 (excl.)	Hsu, Hung-Chih / Hsiao, Chih-Chih / Huang, Yi-Chieh	Hsu, Hung-Chih / Hsiao, Chih-Chih / Huang, Yi-Chieh
NT\$3,500,000 (incl.) ~ 5,000,000 (excl.)	-	-
NT\$5,000,000 (incl.) ~ 10,000,000 (excl.)	Lin, Hsun-Min / Chen, Lu-Hsi	Lin, Hsun-Min / Chen, Lu-Hsi
NT\$10,000,000 (incl.) ~ 15,000,000 (excl.)	-	-
NT\$15,000,000 (incl.) ~ 30,000,000 (excl.)	-	-
NT\$30,000,000 (incl.) ~ 50,000,000 (excl.)	-	-
NT\$50,000,000 (incl.) ~ 100,000,000 (excl.)	-	-
NT\$100,000,000 or more	-	-
Total	5 persons	5 persons

(III) Remuneration to the Five Highest Remunerated Management Personnel (Individual Disclosure of Names and Remuneration Items):

Unit: NT\$ thousands, except otherwise stated

Job title	Name	Salary (A)		Retirement pay and pension (B)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D)			Sum of A+B+C+D and ratio to net income		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	The Company	All consolidated entities	All consolidated entities	The Company	All consolidated entities	
								Amount in cash	Amount in stock	Amount in stock			
CSO	Lin, Hsun-Min	2,594	2,594	-	-	700	700	1,958	-	1,958	5,252	4.33%	None
Deputy CSO	Chen, Lu-Hsi	2,472	2,472	-	-	700	700	1,959	-	1,959	5,131	4.23%	
President	Hsu, Hung-Chih	1,759	1,759	-	-	473	473	277	-	277	2,509	2.07%	
Vice President	Hsiao, Chih-Chih	1368	1368	-	-	542	542	271	-	271	2,181	1.80%	
Vice President	Huang, Yi-Chieh	1,188	1,188	-	-	591	591	461	-	461	2,240	1.85%	

(IV) Names and distributions of employee profit-sharing compensation to managerial officers:

Unit: NT\$ thousands, except otherwise stated

Job title	Name	Amount in cash	Amount in stock	Total amount	As a percentage of net income (%)
CSO	Lin, Hsun-Min	-	6,428	6,428	5.30
Deputy CSO	Chen, Lu-Hsi				
President	Hsu, Hung-Chih				
Vice President	Hsiao, Chih-Chih				
Vice President	Huang, Yi-Chieh				
Sales Senior Manager	Lin, Yu-Chun				
Finance Senior Manager	Tsai, Su-Chin				
IT Senior Manager	Liu, Fang-Li				
Sales Director	Hsieh, Hung-Chang				



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

1. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, Presidents, and Vice Presidents.

Unit: NT\$ thousands, except otherwise stated

Job Title	2024			2023		
	Total remuneration paid by the Company and by each other company included in the consolidated financial statements	Net income	As a percentage of net income	Total remuneration paid by the Company and by each other company included in the consolidated financial statements	Net income	As a percentage of net income
Directors	20,022	121,377	16.50%	11,931	( 19,060)	(62.60%)
Presidents and Vice Presidents						

2. Describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(1) The remuneration of Directors shall be appointed in accordance with the provisions of the Articles of Incorporation and the Regulations for the Distribution of the remuneration of Directors. According to Article 16 of the Company's Articles of Incorporation, Directors of the Corporation may be entitled to remuneration for their duties regardless of profit or loss. The Board of Directors is authorized to determine the remuneration based on the level of their participation in the Corporation's operations and the value of their contribution. If the Corporation has a surplus, it shall distribute the remuneration according to Article 20. According to Article 20 of the Company's Articles of Incorporation, the Company shall allocate no more than 2% of the profit (which means income before tax excluding the compensation distributable for employees and the Directors) as director remuneration. Directors' remuneration shall be distributed by taking various aspects including directors' responsibilities at the Company, the extent of each director's involvement and contributions to the Company's operation, the performance for other positions, and the performance evaluation results from the Board and functional committee into consideration, and referring to relevant industry standards and the Company's management performance.

The criteria for evaluating the performance of the board members cover alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control.

- (2) The remuneration of Presidents and Vice Presidents shall be appointed in accordance with the Regulations for Year-end Bonus Distribution and Annual Salary Adjustment of Managerial Officers, Regulations for Performance Bonus Distribution, and Regulations for the Distribution of the Manager's Employee compensation. The remuneration shall be issued based on the consideration of evaluation results of the nonfinancial indicators (such as the job level, their responsibilities at the Company, the performance for other positions, annual performance evaluations, and special contribution or negative events) and financial indicators (such as the Company's overall revenue and profit).

- (3) The remuneration evaluation indicators of the Company include items which are correlated with the operational performance, such as the achievement of objectives and performance. The Company has established the Remuneration Committee, which is responsible for establishing the remuneration policy for the Company as a whole and periodically reviewing and amending the remuneration policy, standards and structure for the compensation according to the actual condition of business, relevant laws and regulations, and future risk exposure appropriately at all times, and shall not induce any directors or managerial officers to pursue compensation by engaging in activities that exceed the tolerable risk level of the Company, so as to strike a balance between the Company's sustainable operation and risk control. The aforesaid remuneration of Directors, Presidents and Vice Presidents shall be approved by the Remuneration Committee and submitted to the Board of Directors for resolution.

### III. The state of the Company's implementation of corporate governance

#### (I) Operation of the Board of Directors

The number of board meetings held in the most recent fiscal year was: 6 meetings (A). The attendance by the directors and supervisors was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) 【B/A】	Remarks
Chairman	Lin, Hsun-Min	6	-	100.00	Consecutively elected
Vice Chairman	Chen, Lu-Hsi	5	-	83.33	
Director	Fan, Shu-Hui	5	1	83.33	
Director	Chen, Ting-Tsung	5	1	83.33	
Independent Director	Yuan, Hung-Chen	6	-	100.00	Newly elected
Independent Director	Shih, Chun-Mei	6	-	100.00	
Independent Director	Hsiao, Shu-Chen (Note)	3	-	100.00	

Note 1: The director was elected as the Company's directors at the Annual Shareholders Meeting on June 12, 2024.

2: The in-person attendance rate (%) should be calculated based on the number of board meetings held and the number attended in person during the period of each such person's actual time in office.

Other information required to be disclosed:

- If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
  - (1) Any matter under Article 14-3 of the Securities and Exchange Act.
  - (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution. Please refer to Point (X) "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" on page 47 of this Annual Report.
- The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: Please refer to Point (X) "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" on page 47 of this Annual Report.
- For a TWSE or TPEX listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content.

The Company has formulated the Performance Evaluation of Board of Directors approved by its Board of Directors. The Company conducted the 2023 performance appraisal of the Company's board of directors and functional committees according to the Rules for Performance Evaluation of Board of Directors. The evaluation information was as follows.

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content	Evaluation Items	evaluation result
Once a year	Jan 1, 2024~Dec 31, 2024	The board of directors as a whole	Internal evaluation of the agenda working group	Participation in the operation of the Company; improvement of the quality of the board of directors' decision making; composition and structure of the board of directors; election and continuing education of the directors; and Internal control.	45 Items	Excellent
		Individual board members	Self-evaluation by individual board members	Alignment of the goals and missions of the Company; awareness of the duties of a director; participation in the operation of the Company; management of internal relationship and communication; the director's professionalism and continuing education; and internal control.	23 Items	Excellent
		Audit Committee	Internal evaluation of the agenda working group	Participation in the operation of the Company; awareness of the duties of the functional committee; improvement of quality of decisions made by the functional committee; makeup of the functional committee and election of its members and internal control.	22 Items	Excellent
		Remuneration Committee			19 Items	Excellent

The Company reported the performance evaluation result to the Board of Directors on January 14, 2025. The performance evaluation result indicated that the board of directors and functional committees overall operated properly and conformed to the principle of corporate governance.

4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.
  - (1) The Company's board of directors operates in accordance with the Company's "Rules of Procedure for Board Meetings" and related laws. The executive financial officers and chief auditors also attend a directors' meeting and produce relevant reports to directors for reference.
  - (2) In order to assist directors in performing their duties and enhance the effectiveness of the board, "Standard Operating Procedures for Handling Directors' Requests" has been established.
  - (3) In order to strengthen the corporate governance function and improve information transparency, the Company will announce the resolutions of the board of directors on the Company's website after the board of directors for investors to inquire. If the board of directors has a major resolution (such as a proposal for distribution of earnings, a proposal for convening a shareholders' meeting), it will be announced on the public information observatory at the same time according to regulations. The Company has enacted the Procedures for Handling Material Inside Information and Preventing Insider Trading Management, in order to prohibit insider trading, any improper information disclosure, and to ensure accurate and timely disclosures. The Company has allocated financial department as a responsible unit charged with handling material inside information. Conduct education and training on "prohibition of insider trading" for directors, managers, and all employees every year. Prohibit insiders such as the Company's directors, managers, or employees from using undisclosed information on the market to buy and sell securities for profit.
  - (4) In order to strengthen the corporate governance function and the sound functions of the board, the Company has set up the Remuneration Committee and Audit Committee which were composed of the entire number of independent directors. For the information on the members and Operations of the Committee, please refer to Point (II) "Operation of the Audit Committee"

on page 16 and Point (IV)” If the Company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed” on page 25 of this Annual Report.

- (5) In order to improve the structure of the board of directors, the Company's Corporate Governance Best Practice Principles clearly stipulates the diversity policy of the Board of Directors. Please refer to Point 3” Professional qualifications and independence analysis of the Directors” on page 5 and Point 4” Diversity and independence of the Board of Directors” on page 6 of this Annual Report.
- (6) The Company continuously arranges a variety of courses for the Directors to enhance their decision-making quality and supervision skills, thus upgrading their competency and strengthening the functions of the Board of Directors. Please refer to Point 3” Board of Directors’ training record” on page 42 of this Annual Report.

5. The Attendance of the independent directors at board of directors’ meetings in 2024:

Title	Name	The 12 <sup>th</sup> term					
		THE 5 <sup>th</sup> meeting	THE 6 <sup>th</sup> meeting	THE 7 <sup>th</sup> meeting	THE 8 <sup>th</sup> meeting	THE 9 <sup>th</sup> meeting	THE 10 <sup>th</sup> meeting
Independent Director	Yuan, Hung-Chen	✓	✓	✓	✓	✓	✓
Independent Director	Shih, Chun-Mei	✓	✓	✓	✓	✓	✓
Independent Director	Hsiao, Shu-Chen (Note))	-	-	-	✓	✓	✓

(V: Attendance in Person; O: By Proxy; X: Absent / Leave)

Note: The director was elected as the Company’s directors at the Annual Shareholders Meeting on June 12, 2024.

(II) Operation of the Audit Committee

The number of audit committee meetings held in the most recent fiscal year was: 6 meetings (A).

The attendance by the independent directors was as follows:

Title	Name	No. of meetings attended in person ( B )	No. of meetings attended by proxy	In-person attendance rate (%) ( B/A )	Remarks
Independent Director	Yuan, Hung-Chen	6	-	100.00	Consecutively elected
Independent Director	Shih, Chun-Mei	6	-	100.00	Newly elected
Independent Director	Hsiao, Shu-Chen	3	-	100.00	Newly elected (Note 1)

Note 1: The director was elected as the Company’s directors at the Annual Shareholders Meeting on June 12, 2024.

2: The in-person attendance rate (%) should be calculated based on the number of committee meetings held and the number attended in person during the period of each such person’s actual time in office.

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:
  - (1) Any matter under Article 14-5 of the Securities and Exchange Act.
  - (2) In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors.

The Discussion Items and Resolution Results of the Audit Committee in the Most Recent Year were as follows:

Session /Date	Contents of the motion	Matters under article 14-5 of the Securities and Exchange Act	Other matters disapproved by the Audit Committee but approved by more than two-thirds of all Directors	Dissenting opinions, reservations or major recommendations of independent directors	Audit Committee resolution results	The Company's response to the Audit Committee's opinions
THE 5 <sup>th</sup> meeting of the 2 <sup>nd</sup> term 2024/1/30	The appointment and remuneration of the counseling for the sustainability report and greenhouse gas inventory.		None	None	Approved by all independent directors in attendance.	Approved by all Directors in attendance at the Board of Directors.
	The amendments to the Procedures for Acquisition or Disposal of Assets, the Procedures for Handling Material Inside Information and Preventing Insider Trading Management, and the Risk Management Policy and Procedure.	✓				
THE 6 <sup>th</sup> meeting of the 2 <sup>nd</sup> term 2024/3/8	The amendments to the Articles of Incorporation.		None	None	Approved by all independent directors in attendance.	Approved by all Directors in attendance at the Board of Directors.
	The Company's 2023 business report, and financial statement.	✓				
	Assessment of the effectiveness of the internal control system and Internal Control System Statement for 2023.	✓				
	The amendments to the Internal Control System, and Internal Audit Implementation Rules.	✓				
	The replacement of certified public accountant	✓				
	The appointment and remuneration for transfer pricing, and the industrial and commercial services.	✓				
	Acquiring of securities.	✓				
THE 7 <sup>th</sup> meeting of the 2 <sup>nd</sup> term 2024/5/7	The Company's consolidated financial statements for the 1st quarter of 2024.		None	None	Approved by all independent directors in attendance.	Approved by all Directors in attendance at the Board of Directors.
	Acquiring of securities.	✓				
	The appointment and remuneration for the industrial and commercial services.	✓				
THE 8 <sup>th</sup> meeting of the 2 <sup>nd</sup> term 2024/7/31	The Company's consolidated financial statements for the 2nd quarter of 2024.		None	None	Approved by all independent directors in attendance.	Approved by all Directors in attendance at the Board of Directors.
	Acquiring of securities.	✓				
	Disposal of securities.	✓				
	The amendments to the Regulations for Management of Personal Data Protection, Internal Control System, Regulations for Internal Audit, Internal Audit Implementation Rules, Codes of Ethical Conduct, Regulations for Management of Securities Investment, and Regulations for Management of Liabilities, Commitments, and Contingencies.	✓				
THE 9 <sup>th</sup> meeting of the 2 <sup>nd</sup> term 2024/8/27	Transferring the shares to employees the first time. (Note)		None	None	Approved by all independent directors in attendance.	Approved by all Directors in attendance at the Board of Directors.

Session /Date	Contents of the motion	Matters under article 14-5 of the Securities and Exchange Act	Other matters disapproved by the Audit Committee but approved by more than two-thirds of all Directors	Dissenting opinions, reservations or major recommendations of independent directors	Audit Committee resolution results	The Company's response to the Audit Committee's opinions
THE 10 <sup>th</sup> meeting of the 2 <sup>nd</sup> term 2024/11/7	The Company's consolidated financial statements for the 3rd quarter of 2024.		None	None	Approved by all independent directors in attendance.	Approved by all Directors in attendance at the Board of Directors.
	2025 annual audit plan.					
	Strategic investments.	✓				
	The amendments to the Rules of Procedure for Board of Directors Meeting, Corporate Governance Best Practice Principles, Audit Committee Charter, Risk Management Policy and Procedure, Internal Audit Implementation Rules, Procedures for Professional Accounting Judgments, and Processes for Making Changes in Accounting Policies and Estimates, and Internal Control System.	✓				
	Adoption of the Procedure for Management of Sustainability Information.					
	Acquiring of securities.	✓				
	Transferring the shares to employees the second time.					

Note: As this proposal involved the personal interests of the employees of the Company present at the board meeting, they recused themselves from the discussion and voting on this proposal.

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted.: None.
3. Communication between the independent directors and the chief internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the Company's finances and business and the method(s) and outcomes of the communication.):
  - (1) The Company's chief internal auditor submits an audit report and defect tracking report for the previous month before the end of each month. In case of any doubt, communicate via telephone and mails at all times.
  - (2) The chief internal auditor attends and reports the audit operations to the board of directors meeting and Audit Committee.
  - (3) During normal times, the independent directors and chief internal auditor direct contact via mails, telephone or in person as needed. In the event of a major abnormal incident, the chief internal auditor will immediately report to the members of the Audit Committee. Up till the most recent meeting, no particular incident raised. The communication between the Company's Audit Committee and the Internal Auditor is in good condition.
  - (4) The CPAs report and discuss the annual audit plan, the audit (review) results of financial statements, the key audit matters of financial reports of the year or other matters required by law, and the latest changes of laws and regulations to the Independent Directors and the chief internal auditor alone at least once a year. In addition, in case of any doubt, the CPAs and independent directors may direct contact via mails, telephone or in person as needed. The communication between the Company's Audit Committee and the CPAs is in good condition.

(III) The Company's implementation of corporate governance, any variance from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Evaluation item	Implementation status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
1.Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has formulated the Corporate Governance Best Practice Principles, which has been disclosed on the Company's website and the MOPS.	None
2.Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		The Company has appointed a spokesperson and an acting spokesperson to handle shareholders' suggestions, concerns, disputes and litigation matters. Contact methods are available on the Company website, where shareholders can leave comments via telephone or e-mail, and the Company will process them according to relevant operation procedures.	None
(2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders?	✓		The Company engaged Registrar & Transfer Agency Department of KGI Securities Co. Ltd., to coordinate with the Company's finance department to handle affairs related to the stock and shareholders' meeting. The Company possesses a list of major shareholders and their ultimate owners and regularly declares and reports changes in insiders' shareholdings in accordance with regulations.	None
(3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	✓		The operation and finance of the Company and the affiliated enterprises are all operated independently. To ensure sound financial and business interactions between this Corporation and its affiliated enterprises, the Company established appropriate internal policies, such as the "Rules Governing Transactions with Group Enterprises, Specific Parties and Related Parties", "Regulations Governing Subsidiary Supervision Management," "Procedures for Endorsements and Guarantees", "Procedures for Loaning Funds to Others", and "Procedures for Acquisition or Disposal of Assets", etc. and assigned designated personnel to handle risk management mechanism and "firewall" between the Company and its affiliates.	None
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?	✓		The Company has enacted the Procedures for Handling Material Inside Information and Preventing Insider Trading Management, which clearly specifies material information	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			disclosure procedures, insider trading management processes, and a requirement for strict compliance with all relevant rules and regulations, in order to prohibit insider trading, any improper information disclosure, and to ensure accurate and timely disclosures. The aforementioned Procedures are disclosed on the Company's website. The Company has allocated financial department as a responsible unit charged with handling material inside information. Conduct education and training on "prohibition of insider trading" for directors, managers, and all employees every year. Prohibit insiders such as the Company's directors or employees from using undisclosed information on the market to buy and sell securities for profit. The Company conducted education and training on "prohibition of insider trading" for 7 incumbent directors, and 62 employees (include managers) on November 7, 2024 and December 17, 2024.	
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented?	✓		The Company's Corporate Governance Best Practice Principles clearly stipulates that the composition of the board of directors shall be determined by taking diversity into consideration, such as gender, age, nationality, culture, professional background, professional skills, and industry experience. For the diversity policy and its Implementation Status, please refer to Point 3 " Professional qualifications and independence analysis of the Directors " on page 5 and Point 4 " Diversity and independence of the Board of Directors " on page 6 of this Annual Report.	None
(2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	✓		The Company established the Remuneration Committee and the Audit Committee as required by law. Apart from the above-mentioned committees, the Company has not established any other functional committee. However, the other corporate governance operations are taken care of by respective departments according to their function. A variety of other functional committees will be set up in the future as required by law and reflective of the actual developmental needs of the Company.	None
(3) Has the Company established rules and methodology for evaluating the performance of	✓		The Company has formulated the Rules for Performance Evaluation of Board of Directors and implemented the performance	None



Evaluation item	Implementation status			Deviations from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms?			evaluations on an annual basis. The Company has completed the 2024 performance evaluations and reported the results at the board meeting on January 14, 2025. Please refer to Item III "the state of the Company's implementation of corporate governance", Point (I) "Operation of the Board of Directors on page 14 of this Annual Report".	
(4) Does the Company regularly evaluate its external auditors' independence?	✓		<p>The Company evaluates independence and suitability of the CPAs to the "Independence statement" and "Audit Quality Indicators (AQIs) " issued by the accounting institute of such CPAs once a year. The evaluation criteria are as follows:</p> <ol style="list-style-type: none"> <li>1. The CPAs do / did not currently/ in the recent one year serve as an/a independent director, supervisor, members of Remuneration Committee, or manager of the Company.</li> <li>2. The CPAs are not relatives within the second degree of kinship with the Company's directors or managers or personnel who have significant influence on audits.</li> <li>3. The CPAs do / did not currently/ in the recent one year hold a position at the Company or its affiliates.</li> <li>4. The CPAs do not hold the shares of the Company or its affiliates.</li> <li>5. The CPAs do not have close business relationship with the Company, such as trade, intermediary.</li> <li>6. The CPA and the Company hasn't owned the collective investment.</li> <li>7. The CPA hasn't been subjected to the Interpersonal stress and the intimidation threat from the Company.</li> <li>8. Receipt of the CPAs 's Accountant's independence declaration.</li> <li>9. Receipt of AQIs information from CPAs.</li> </ol> <p>The Company passed the independence and suitability evaluation of the CPAs in the 12<sup>th</sup> meeting of the 12<sup>th</sup> term Board of Directors on March 6, 2025.</p>	None
4. Does the TWSE/TPEX listed company have in place an adequate number of qualified corporate governance officers and	✓		To implement corporate governance, protect the rights and interests of shareholders, strengthen the powers of the board of directors, Tsai, Su-Chin, the senior manager of	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?			Finance Department of the Company with more than 10 years experiences of financial management and corporate governance affairs in public limited company, was approved in the 16 <sup>th</sup> meeting of the 11 <sup>th</sup> term Board of Directors held on January 11, 2023 to concurrently serve as the chief corporate governance officer. In addition, the Company issues with 1-2 staff to cope with corporate governance affairs. The duty of the chief corporate governance officer is to supervise and assist the operations of the corporate governance affairs. Please refer to Point 5 " The duty, education, and training of the chief corporate governance officer, and the implementation status of corporate governance by the chief corporate governance officer " on page 45 of this Annual Report.	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholders' section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	✓		The Company has set up a section dedicated to stakeholders on the Company's website, and discloses on it the way of appeals for stakeholders, and personnel to handle all enquiries and respond to any key issues raised by stakeholders. Please refer to Stakeholders Section on the Company's website for Issues of Concern and Communication Channel of stakeholders.	None
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	✓		The Company has engaged Registrar & Transfer Agency Department of KGI Securities Co. Ltd., to coordinate with the Company's finance department to handle affairs related to the stock and shareholders' meeting.	None
7.Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status?	✓		The Company has established an official corporate website (www.threehhh.com.tw) to disclose financial, business, corporate governance, and related information.	None
(2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	✓		The Company has designated personnel responsible for Company information collection and disclosure. The Company implements a spokesperson system with the senior manager of finance department designated as the spokesperson. The related materials, including investors conference, financial, and operational metrics are disclosed in the "Investors" section of the website. The Company has designated	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			personnel to disclose the Company's information on MOPS in accordance with the laws.	
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?		✓	Due to the reason for the preparation of consolidated statements, the Company is unable to announce and file the annual financial reports within two months after the end of the fiscal year. But annual financial report, quarterly financial reports and monthly sales revenue are disclosed in a timely manner according to relevant government regulations.	Please refer to the summary description.
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	✓		<p>1. Employee rights, and employee wellness: The Company has always treated employees with integrity and follow relevant labor laws and regulations to protect the legitimate rights and interests of employees, establish an Employee Welfare Committee to handle welfare businesses for employees, and make appropriate arrangements of continuing education for employees. The Company has also opened multiple channels for employees to express their opinions, creating a sense of active engagement and avenues for smooth, mutual communication. Please refer to Point V "Labor relations" on page 64 of this Annual Report.</p> <p>2. Investor relations, and rights of stakeholders: The Company has set up a section dedicated to Investors and stakeholders on the website, which provides investors with the information, such as financial information, stock information, and Communication Channel.</p> <p>3. Supplier relations: In 2024, to the suppliers' understanding and compliance with the Company's concrete requirements for a responsible supply chain, the "Supplier Code of Conduct and Supplier Commitment" was issued to the top ten suppliers with nine signing the commitment, and 90% of suppliers signed the commitment. The purchase amount from the supplier signing the commitment accounted for more than 95% of the total purchase amount in 2024. If a supplier had obtained RBA certification or its disclosures satisfy the Code of Conduct then they are deemed to have effectively completed the</p>	None

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>signing process.</p> <p>4. Directors' continuing education: The directors have completed the training courses in accordance with Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. Please refer to Point 3 "Board of Directors' training record" on page 42 of this Annual Report.</p> <p>5. The implementation of risk management policies and risk evaluation standards: The Company already establishes risk management policy and procedures, and periodically reviews the execution status of risk management and assessment; please refer to Point 4 "Operational risk management structure" on page 43, Point VI "Cyber security management" on page 66, and Point VI "Risks analyze and assess the during the most recent fiscal year and as they stood on the date of publication of the annual report" on page 73 of this Annual Report.</p> <p>6. The implementation of customer relations policies: The Company sets up a professional customer service team and a sales and services system to offer customers comprehensive services, assist customers to improve competitiveness as well as add higher value to products. The customer service management policies are as follows:</p> <p>(1)The Company boosts employees' skills, capabilities and attitudes to provide customers with quality services through various departmental training and internal/external education and training.</p> <p>(2)Sales personnel keep in touch with customers closely, and irregular visit them to better understand and respond quickly to their concerns and needs.</p> <p>(3)Set up dedicated complaint channels (phone number or email-box) for customers.</p> <p>(4)Develop a procedure for handling customer complaints, and analyze as well as formulate improvement measures.</p> <p>(5)Conduct customer satisfaction survey annually.</p> <p>7. Purchasing liability insurance for directors:</p>	

Evaluation item	Implementation status			Deviations from the Corporate Governance BestPractice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			The Company already purchases liability insurance for its all directors and the insurance coverage period starts from June 1, 2024 to May 31, 2025.	
9.Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement. The Company was ranked as the top 36%-50% on the Corporate Governance Evaluation results of 2024. The improvement of the failed to score items up to the date of publication of this Annual Report is as follows:				
Item			Summary description	
Did the company provide the Chinese and English versions of its annual report 18 days prior to the day of the AGM?			The responsible officers have been asked to provide the Chinese and English versions of the annual report 18 days prior to the day of the AGM.	
Did the company, following the Global Reporting Initiative (GRI) Standards, prepare and upload its sustainability report to MOPS and to the company website?			The 2024 sustainability report is expected to be completed and submitted to the board of directors for approval in August 2025, as well as upload to MOPS and to the Company Website	
Was the sustainability report prepared by the company submitted to and passed by the board of directors?				
Did the company disclose information about the company's governance, strategies, risk management, metrics, and targets for climate-related risks and opportunities in accordance with the Task Force on Climate-Related Financial Disclosure (TCFD) recommendation framework?				
Did the company set management policies for reduction of greenhouse gas (GHG) emissions, including reduction targets, promotion measures, and achievement status?				
The Company will continue to evaluate and improve other failed to score items based on the Company's actual operating conditions to ensure a sound corporate governance				

(IV) If the Company has a remuneration committee or nomination committee in place, the composition and operation of such committee shall be disclosed.

1. Information on Remuneration Committee Members:

Capacity	Qualifications Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member	Remarks
Independent Director (Convener)	Yuan, Hung-Chen	Please refer to page 5, point 3 "Professional qualifications and independence analysis of the Directors" of this Annual Report.	Please refer to page 5, point 3 "Professional qualifications and independence analysis of the Directors" of this Annual Report.	0	None
Independent Director	Shih, Chun-Mei			0	None

Capacity	Qualifications Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member	Remarks
Other	Lin, Mei-Ling	Graduated from Master, Science degree in management information systems, Fairleigh Dickinson University. Served as a sales supervisor for many years. Possess work experience in the area of commerce, finance, and otherwise necessary for the business of the Company with at least five years.	During the two years before being elected or during the term of office, she doesn't have been or be a person of any conditions defined in Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange. Not been a person of any conditions defined in Article 30 of the Company Law.	0	None

## 2. Duties of the Remuneration Committee

The Remuneration Committee shall propose the following recommendations and present to the board of directors for discussion.

- (1) Establishing and periodically reviewing the performance assessment the policies, systems, standards, and structure for the compensation of the directors, and managerial officers of the Company.
- (2) assessing and setting the types and amounts of the compensation for the directors, and managerial officers of the Company.

## 3. Operation of the Remuneration Committee

- (1) The Company's remuneration committee has a total of 3 members.
- (2) The term of the current members is from June 12, 2023 to June 11, 2026. The number of remuneration committee meetings held in the most recent fiscal year was: 5 (A). The attendance by the members was as follows:

Title	Name	No. of meetings attended in person (B)	No. of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Convener	Yuan, Hung-Chen	5	0	100.00	None
Member	Shih, Chun-Mei	5	0	100.00	None
Member	Lin, Mei-Ling	5	0	100.00	None

- (3) Other information required to be disclosed:

A. The Discussion Items and Resolution Results of the Remuneration Committee in the Most Recent Year and the Company's decisions on committee members' recommendations were as follows:

Session/ Date	Contents of the Motion	Remuneration Committee Resolution Results	The Company's Response to the Remuneration Committee's Opinions
The 4 <sup>th</sup> meeting of the 5 <sup>th</sup> term 2024.1.30	1. The appointment of the managerial officer. 2. Reviewed the scope of managers that the Company should submit to the Remuneration Committee for remuneration pre-review. 3. The Company's 2023 Managerial Officers Annual	Approved by all members in attendance.	Approved by the Board of Directors.

Session/ Date	Contents of the Motion	Remuneration Committee Resolution Results	The Company's Response to the Remuneration Committee's Opinions
	Bonus. 4.The Company's salary and remuneration for managerial officers.		
The 5 <sup>th</sup> meeting of the 5 <sup>th</sup> term 2024.3.8	1.The Company's employees' compensation and directors' remuneration for 2023. 2. The Company's directors' remuneration for 2023.	Approved by all members in attendance.	Approved by the Board of Directors.
The 6 <sup>th</sup> meeting of the 5 <sup>th</sup> term 2024. 7.31	1.The Company's distribution amount of employees' compensation to managerial officers and the remuneration to the Directors.	Approved by all members in attendance.	Approved by the Board of Directors.
The 7 <sup>th</sup> meeting of the 5 <sup>th</sup> term 2024.8.27	1.The 1 <sup>st</sup> transfer repurchased shares to employees. (Note)	Approved by all members in attendance.	Approved by the Board of Directors.
The 8 <sup>th</sup> meeting of the 5 <sup>th</sup> term 2024.11.7	1.The 2 <sup>nd</sup> transfer repurchased shares to employees.	Approved by all members in attendance.	Approved by the Board of Directors.

Note: As this proposal involved the personal interests of Senior Manager Tsai, Su-Chin present at the board meeting, she recused herself from the discussion and voting on this proposal.

B. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons):None.

C. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion.: None.

(V) The state of the Company's promotion of sustainable development, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance:

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently)	✓		In order to fulfill the corporate social responsibility initiatives, promote economic, environmental, and social advancement, and implement sustainability in business management, the Company has formulated the Sustainable Development Best Practice Principles,	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?			<p>which has been disclosed on the Company's website and the MOPS.</p> <p>Assembled in March, 2024, the Sustainability Development Promotion Group handled by the President is responsible for formulating sustainability development policies, regulations, guidelines, and the implementation and operation of said plans, is comprised of functional teams, which are responsible for sustainable environment, risk management, information security, corporate governance, and social responsibility, respectively, and reports on the implementation to the board meeting annually.</p> <p>The Company has set up a section dedicated to stakeholders on the Company's website, and discloses on it the way of appeals for stakeholders, and personnel to handle all enquiries and respond to any key issues raised by stakeholders. Please refer to Stakeholders Section on the Company's website for Issues of Concern and Communication Channel of stakeholders.</p> <p>The Sustainability Development Promotion Group held a total of 3 meetings in 2024 to discuss issues about the risk assessment, key performance indicators, education and training plan, social engineering exercise, labor safety and health management plan, and internal quality audit plan.</p> <p>The board of directors' oversight of sustainable development is briefly explained as follows.</p> <ol style="list-style-type: none"> <li>1. Listened to the report of the schedule for greenhouse gas (GHG) inventory and verification quarterly.</li> <li>2. Entrust PricewaterhouseCoopers with the guidance for the preparation of the Sustainability Report and the inventory of GHG emissions.</li> <li>3. Listened to the report of the performance in the area of ethical corporate management, intellectual property management, Information Security, risk management, and sustainable development from the management team in the 10<sup>th</sup> meeting of the 12<sup>th</sup> term held on November 7, 2024.</li> <li>4. Approved the sustainability information management procedures to effectively manage sustainable information in the 10<sup>th</sup> Meeting of the 12<sup>th</sup> Session on November 7, 2024.</li> </ol> <p>The above has been completed under the strong support and supervision of the board of directors for sustainable development.</p>	



Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓		<p>In order to build a complete risk management system; strengthen effectiveness of corporate governance; ensure comprehensiveness, effectiveness, and reasonableness of risk management, as well as effectively evaluate and oversee risk-bearing capabilities of the Company to determine risk response strategies and implementation of risk management procedures, the Company's "Risk Management Regulation and Policies" was established following approval of the 3<sup>th</sup> meeting of the 11<sup>th</sup> term Board of Directors on November 3, 2020.</p> <p>The Company, in a proactive and cost-effective manner, detect, analyzes and identifies the risk items within the scope of risk management that may impact the Company's operations and profits. Conduct risk assessment on the material topics, formulate relevant risk management policies, and the necessary control measures.–The Risk Management &amp; Promotion Team under the Sustainability Development Promotion Group is responsible for summarizing and integrating the risk items in relation to the Company's operations and the sustainability issues that concern stakeholders identified by each department, and the necessary control measures formulated by each department.–Please refer to Point 4 "Operational risk management structure" on page 43 of this Annual Report.</p>	None
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry characteristics?	✓		The Company is an electronic components distributor, and the main scope of business is the sale and purchase of electronic components. The Company has no manufacturing and production process and does not directly produce harmful pollutant. Water is mainly used for people's livelihood, and electricity is mainly used by facilities, office equipment, and machine in the office, computer room and storage. The waste of the Company includes office waste, products scraping, and paper documents that have reached the end of their retention period or have no preservation value. For water use, electricity use, and waste management policies, please refer to the summary description of the items (2) to (4) below.	None
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?	✓		The Company values environmental protection issues and has made efforts to utilize resources efficiently, reduce the impact on the environment, reduce the impact of rising electricity bills and carbon neutral policies, and respond to trends and relevant laws and	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			<p>regulations actively.</p> <p>The Company has formulated " Energy Saving, Carbon Reduction, GHG Reduction, Water Usage Reduction, and Other Wastes Management policies ", and strengthened the publicity of environmental protection policies to employees, such as energy saving and carbon reduction policies, garbage classification, etc., and replace energy-saving equipment such as LED lighting equipment. The Company switched to energy-efficient LED lighting fixtures to mitigate energy.</p>	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?	✓		Please refer to Point (VI) "Implementation of climate-related information " on page 33 of this Annual Report.	None
(4) Did the Company collect data for the past two years on GHG emissions, volume of water consumption, and the total weight of waste, and establish policies for GHG reduction, reduction of water consumption, or management of other wastes?	✓		<p>Please refer to Point (VI) "Implementation of climate-related information " on page 33 of this Annual Report for the data for the past two years on GHG emissions and the policies for GHG reduction.</p> <p>The Company is an electronic components distributor, and has no manufacturing and production process.</p> <p>The Company is an electronic components distributor, and has no manufacturing and production process. The water is mainly for people's livelihood. Water usage in 2024 and 2023 were 1,009.5 tons and 1,039.0 tons, respectively. Water conservation is important. The Company promotes water-saving to employees.</p> <p>The waste of the Company includes office waste, products scraping, and paper documents that have reached the end of their retention period or have no preservation value. The office waste, including general garbage from the daily lives, recyclables and paper, are classified according to the standards of waste sorting set by the Office Building Management Committee, and are removed and disposed by the qualified waste clearance and disposal company. To effectively manage the other waste and provide a basis for disposal of the waste, the Company has established the "waste management operating procedure". scrapped products and paper documents will be recycled and reused after physical and mechanical processes, such as crushing, by the legal waste disposal vendor. In 2024, the weight of scrapped electronic products and paper documents was 2.83 tons and 4.172 tons, respectively, totaling 7.002</p>	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			metric tons.	
<p>4. Social Issues</p> <p>(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	✓		<p>In order to fulfill corporate social responsibility, and promote and protect universally recognized human rights, the Company acknowledges and voluntarily complies with the "United Nations Universal Declaration of Human Rights," "United Nations Global Compact," "United Nations Guiding Principles on Business and Human Rights," "United Nations Internal Labor Organization," and other internationally recognized human rights standards. The Company has formulated human rights policies in accordance with international human rights conventions and disclosed in the Company's website. Please refer to the Company's website.</p> <p>The Company has formulated Work Rules, Labor Retirement Rules, Measures of Prevention, and Correction of Sexual Harassment at Workplace, Occupational Safety and Health Rules, Ethical Corporate Management Best Practice Principles, and Codes of Ethical Conduct in accordance with relevant labor laws and regulations, and placed on the Company's intranet for employees to consult at any time.</p> <p>In order to help employees to maintain physical and mental health, achieve work-life balance, the Company provides various of employee benefit plans, education and training, and Protective measures for the safety of the work environment and personal safety.</p> <p>Please refer to Point 2 "Protective measures for the safety of the work environment and personal safety of the employees " on page 41 and Point V "Labor relations" on page 64 of this Annual Report.</p>	None
<p>(2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation?</p>	✓		<p>The Company has formulated relevant management rules and regulations, such as "Work Rules", "Labor Retirement Rules", "Measures of Prevention, and Correction of Sexual Harassment at Workplace", "Occupational Safety and Health Rules", to safeguard labor rights and interests. For the employee remuneration policies and employee welfare measures, please refer to Point V "Labor relations" on page 64 of this Annual Report.</p>	None
<p>(3) Does the Company provide employees with a safe and healthy working environment, and implement</p>	✓		<p>The Company provides a safe, healthy and comfortable working environment, arranges employee health checks every year, and regularly holds safety and health education and training to ensure that colleagues are</p>	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
regular safety and health education for employees?			<p>aware of safety and health related regulations. Please refer to Point 2 "Protective measures for the safety of the work environment and personal safety of the employees " on page 41 and Point V "Labor relations" on page 64 of this Annual Report.</p> <p>The number of cases of occupational accidents and the number of employees involved in the given year, and the ratio to the total number of employees, and related improvement measures: No occupational accidents were recorded.</p> <p>The number of fire incidents and the number of casualties in the given year, and the ratio of the number of casualties to the total number of employees, and improvement measures related to fire incidents: No fire incidents were recorded.</p>	
(4) Has the Company established effective career development training programs for employees?	✓		To strengthen employees' professional knowledge and skills, the Company holds internal training from time to time and arranges employees to participate in external training. The Company also provides an application mechanism for relevant internal and external training courses and encourages employees to continue their studies. Please refer to Point V "Labor relations" on page 64 of this Annual Report.	None
(5) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		The Company follows relevant regulations and international standards in handling customer health and safety, customer privacy, marketing and labeling of its products and services. Keep in touch with customers closely, irregular visit them, and conduct customer satisfaction survey annually to better to better understand and respond quickly to their concerns and needs. Set up dedicated complaint channels (phone number or email-box) for customers, and handle customer complaints according to the procedure for handling customer complaints to customers to protect the rights and interests of customers and their right to lodge complaints.	None
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?	✓		<p>The Company has formulated the supplier evaluation management measures as the basis for supplier evaluation.</p> <p>In 2024, the Company formulated the "Supplier Code of Conduct and Supplier Commitment Letter" base on the Responsible Business Alliance Code of Conduct. The Code of Conduct responds to the topics of concern in sustainability important to clients and the general public through the five aspects of Labor, Health and Safety, Environment, Ethical Norms, and Management</p>	None

Item	Implementation status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
			Systems.	
5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?		✓	The Company discloses the information related to the Company's corporate governance and sustainable development on the Market Observation Post System (MOPS) and the company's website. The Company prepares the annual sustainability report for 2024 by referring to the international reporting standards published by the Global Reporting Initiatives (GRI), and will complete the declaration by the end of August 2025.	Please refer to the summary description.
6.If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe any deviation from the principles in the Company's operations: The Company has formulated Sustainable Development Best Practice Principles, and the implementation of sustainable development is as described above.				
8.Other important information to facilitate better understanding of the Company's promotion of sustainable development: In order to fulfill the corporate social responsibility, the Company strengthens publicity of its importance to employees. The directors and management have donated about 1.16 million to public welfare organizations, such as the Taiwan Foundation for Rare Disorders, and New Taipei City Autism Association. The Company organized a Yilan Waiao beach cleanup campaign on October 5, 2024. This event was a success with the unified efforts of 63 passionate employees and their family members. Furthermore, the Company sponsored the year-end charity event held by the Taipei Family Support Center of the Taiwan Fund for Children and Families on December 8, 2024, as well as there were employees participating in the event.				

(VI) Implementation of climate-related information

1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.: Assembled in March, 2024, the Sustainability Development Promotion Group handled by the President is responsible for formulating sustainability development policies, regulations, guidelines, and the implementation and operation of said plans, is comprised of functional teams, which are responsible for sustainable environment, risk management, information security, corporate governance, and social responsibility, respectively, and reports on the implementation to the board meeting once a year. In order to build a complete mechanism of risk management, and effectively evaluate and oversee risk-bearing capabilities of the Company to determine risk response strategies, the Company has established the "Risk Management Policy and Procedures". The risk management topics have taken into consideration the impact of environmental issues such as climate change on the Company's operations and financials. Integrate climate change risks into the overall risk management system via regular climate risk identification, analysis, evaluation, response, supervision and review mechanisms.

2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).

Aspect	Issue	Impact period	Current Status of Climate Risks and Opportunities	Response Strategies and Management Measures
Transition Risk	Increase in the pricing of greenhouse gas emissions	Short Term (Within 3 Years)	Taiwan's Ministry of Environment announced three Carbon Fee regulations, and imposes carbon fees starting in 2025. The first wave will collect carbon fees for power and manufacturing industries with annual carbon emissions exceeding 25,000 tons of carbon dioxide equivalents (tCO <sub>2</sub> e). The Company is a distributor, neither a manufacturer, nor a high carbon emission industry. Therefore, the imposition of carbon fees is not expected to have a significant impact on the Company. However, considering the possible adjustment of entities subject to carbon fees regulated by laws and regulations or the impact of carbon tax on suppliers, the Company still conduct the carbon pricing risk assessment. Operating costs could increase in the future.	<ul style="list-style-type: none"> <li>● The Company conducts 2024 GHG inventory in accordance with the GHG Protocol as the basis for the calculation of the greenhouse gas emission reduction.</li> <li>● Implement the following energy-saving measures to reduce greenhouse gas emissions. <ul style="list-style-type: none"> <li>▪ Priority will be given to buying new electrical appliances with high energy efficiency rating and energy efficiency rating Labeling.</li> <li>▪ Purchase the PEFC certified paper.</li> </ul> </li> <li>● Promote various energy saving and carbon reduction measures.</li> </ul>
	Strengthening of emission reporting obligations	Short Term (Within 3 Years)	The operating expenses increased slightly as the government authority required the parent company and subsidiaries to disclose greenhouse gas emission information.	<p>The Company will comply with emission reporting obligations, and conducts greenhouse gas inventory of the parent company and subsidiaries, and disclose greenhouse gas emission information.</p> <p>The Company is required by the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies" to complete, and disclose the 2025 GHG inventory information of the parent company in 2026, the assurance of 2027 GHG inventory information of the parent company in 2028, the 2026 GHG inventory information of the consolidated reporting subsidiaries in 2027, as well as the assurance of 2028 GHG inventory information of the consolidated reporting subsidiaries in 2029. The GHG inventory and verification schedule for parent company and consolidated reporting subsidiaries has been set, and passed in the 15th meeting of the 11th term Board of Directors on July 29, 2022.</p> <p>In September 2024, the Company (parent company) has completed the first work item of the schedule, established a GHG inventory team, composed of personnel from relevant units, and defined team members' roles and responsibilities.</p>
Physical Risk	The increase of the severity of extreme weather events, such as typhoons and floods.	Short Term (Within 3 Years)	As extreme weather intensifies, each of the Company's operating locations faces different types of climate risks. The more frequent and severe natural disasters and severe weather, such as floods, and typhoons, may damage facilities, expose goods to moisture, suspend and interrupt service or transportation resulting in operational disruptions risk	<p>The Company takes the following measures in terms of supply of goods to ensure business operations run without interruptions and reduce the substantial impacts on the businesses of the Company.</p> <ul style="list-style-type: none"> <li>● Maintain optimal inventory levels, and continuously optimize the warehousing management system ensuring getting a handle on real-time information on inventory levels and logistics status, and enhancing efficiency and flexibility.</li> </ul>

Aspect	Issue	Impact period	Current Status of Climate Risks and Opportunities	Response Strategies and Management Measures
			increased and substantial impact on the Company's Financial Condition.	<ul style="list-style-type: none"> <li>● Choose a suitable storage location, and pay attention to maintenance of the facilities and environment to protect the products from moisture damage. Record the temperature and humidity of the storage environment for warehouses location and maintain the industrial dehumidifier equipment to ensure effective operation of temperature and humidity equipment.</li> <li>● Optimize the packaging of the cargo, such as using CPE film to enhance product packaging and protection against moisture, require logistics providers to raise safety awareness, and continues to track and maintain the safe transportation insurance of the products regularly to enhance the climate resilience.</li> <li>● Take out relevant property insurance to transfer and diversify the loss risk, as well as ensure business operations run without interruptions and and reduce the substantial impacts on the businesses of the Company. Take out transportation insurance for Cargo, and fire insurance for real estate, office equipment and other equipment in 2024.</li> </ul>
	Changes in precipitation pat-terns and extreme variability in weather patterns	Medium Term 3-5 years	Extreme weather events, such as droughts and floods, are becoming more frequent. The drastic weather changes lead to a reduction in equipment and factory lifespan, an impact on employee health, an increase in mosquito-borne diseases, a supply chain disruption, and an unstable water supply from the tap water system. This could impact on a reduction in the company's revenue and a rise in operating costs.	<p>The Company is a distributor, not a manufacturer, and does not have a factory or production line. Choose a suitable storage location for the Company's assets, pay attention to maintenance of the facilities and environment to protect them from damage and take out relevant property insurance.</p> <p>The company focuses on employee health and safety issues with more frequent extreme weather events. The attendance of the Company's personnel refers to the work calendar for government agencies. In exposure to extreme weather events or serious diseases, the company should give priority to the health and safety of employees, comply with relevant government regulations, and urge employees to impose a leave of absence or work from home to reduce the impact on employee health and safety and company operations.</p>
Opportunity	Develop and/or expand products and services with lower emissions	Short Term (Within 3 Years)	As customers become more aware of climate change, their preferences for products/services change, which may result in a change in purchasing decisions, such as a customer's request for low-carbon or carbon reduction products. The change of the customer's request could lead to a rise in revenue.	The Company actively strive to understand market trends, and pay attention to customer needs. The Company develops and expands new low-carbon or carbon reduction product lines proactively, and collaborates with suppliers, adjust our products and services, and focuses on procuring low-impact, high-sustainability products and services, reducing environmental carbon footprints, driving supply chain sustainability, meeting consumer demands for sustainable products, and contributing to sustainable development.
	Adopt the more efficient Procurement and distribution processes.	Short Term (Within 3 Years)	Increased frequency and severity of storms and floods due to climate change threatens transport systems by damaging existing infrastructure, halting operations, and disrupting supply chains. Therefore, in terms of the	The Company closely monitors market changes, adopts a flexible an approach, and enhance marketing channels and logistics system to improve overall efficiency.

Aspect	Issue	Impact period	Current Status of Climate Risks and Opportunities	Response Strategies and Management Measures
			purchase and inventory management, the Company improves the efficiency of product purchasing and distribution in terms of the purchase and inventory management to reduce operating costs and improve operational benefits.	<ul style="list-style-type: none"> <li>● Optimizing Warehouse Locations: In line with market demand, establish warehouses in different locations to facilitate providing timely service to customers, reducing delivery distances, and improve delivery times.</li> <li>● Partnering with third-party logistics providers: Cooperate with third-party logistics providers to improve overall distribution efficiency by their professional logistics services.</li> </ul>

3. Describe the financial impact of extreme weather events and transformative actions.: The climate change risks and opportunities identified above have been comprehensively considered the likelihood and time of occurrence, as well the impact, and have impact on revenue, and operating costs.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.: The Company identifies climate change risks and opportunities by cross-departmental discussion, and assesses the likelihood and time of occurrence, as well the impact. Processes for identifying climate change risks and opportunities, targets setting, execution tracking, and reporting to the board of directors are integrated into the Company's existing operational risk management structure.
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 did not adopt.
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.: Please refer to point 2 above for the transition plan for managing climate-related risks. The Company takes 2024 as the base year for reduction and sets short-term, medium-term and long-term targets as follows:
  - (1) Short-term (2024-2025) goal: Conduct carbon inventory of the Parent Company, and the publicity of energy management to achieve the energy conservation and carbon reduction goals.
  - (2) Medium-term (2026-2030) goal: The subsidiaries should conduct GHG inventory.
  - (3) Long-term (2050) goal: Cooperate with the government's sustainable development policy to realize net zero by 2050.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.: At present, the Company does not use internal carbon pricing, and will access and introduce it based on actual needs in the future.
8. If climate-related targets have been set, the activities covered, the scope of GHG 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.: Please refer to point 6 above for the Company's climate-related targets. The Company does not use carbon credits or renewable energy certificates (RECs).
9. GHG inventory and assurance status and reduction targets, strategy, and concrete action plan.
  - A. GHG inventory and assurance status for the most recent 2 fiscal years
    - A. GHG inventory information (Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e /NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.):  
GHG inventory information in the most recent 2 fiscal years.



Year	Scope 1 Emission (metric tons CO <sub>2</sub> e)	Scope 2		Scope 1+Scope 2 Emission (metric tons CO <sub>2</sub> e)	Intensity (metric tons CO <sub>2</sub> e /NTD 1 million)
		Electricity consumption (kWh)	Emission (metric tons CO <sub>2</sub> e)		
2023	98.9480	286,815.7400	141.6870	240.6350	0.0498
2024	113.9336	298,486.2441	141.4825	255.4161	0.0552

Note1: The scope of the organization is Taiwan head office.

Note2: Scope 1 includes emissions from mobile combustion emission sources (gasoline and diesel used for official vehicles) and fugitive emission sources (refrigerant equipment). Scope 2 includes emissions from purchased electricity (office lighting and equipment).

Note3: The Company conducted the inventory of GHG emissions according to the "The GHG Protocol " since 2024. The data for 2023 is for reference only.

B. GHG assurance information (Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.): According to the "Sustainable Development Roadmap for TWSE/TPEX Listed Companies", as the Company has a paid-in capital of less than NT\$5 billion, a GHG inventory should be completed by 2026 and an assurance verification should be completed by 2028. Therefore, there is no assurance information for the most recent two years.

B. GHG reduction targets, strategy, and concrete action plan: The Company proposes to take 2024 as the base year for reduction. The Company's GHG inventory process still is at a preliminary stage. The company expects to draw up GHG reduction targets, and concrete action plan after completing the 2024 annual GHG inventory and collecting more emission data.

(VII) The state of the Company's performance in the area of ethical corporate management, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such variance

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary description	
1.Establishment of ethical corporate management policies and programs (1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	✓		The Company has formulated the "Ethical Corporate Management Best Practice Principles", and the Board of Directors and top management team are fully committed to implement such policies rigorously and thoroughly on internal management and external business dealings. The Company's implementation Status of ethical corporate management is disclosed on the Company's website.	None
(2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate	✓		To implement the ethical corporate management policies and prevent unethical conduct, the Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" which includes preventive measures against the following: 1. Prohibition against providing or accepting improper benefits 2. Procedures for handling the acceptance of improper benefits 3. Prohibition of and handling procedure for facilitating payments	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
Management Best Practice Principles for TWSE/TPE Listed Companies?			<p>4. Procedures for handling political contributions</p> <p>5. Procedures for handling charitable donations or sponsorships</p> <p>6. Recusal</p> <p>7. Prohibition against unfair competition</p> <p>8. Prevention of damage caused by products and services to stakeholders</p> <p>9. Prohibition against insider trading and non-disclosure agreement</p> <p>Each operational department identifies and assesses risk factors based on its business characteristics as well as drawing up relevant response strategies or measures, while the top managers at all departments are responsible for risk monitoring and control. Proper monitoring and control of relevant risks are conducted by means of regular reporting.</p> <p>To ensure that stakeholders can communicate with the Company in a timely and effective manner, the Company has designated a Stakeholders Section on the Company's website and formulated the "Measures for the Report on Illegal, Unethical and Dishonest Conducts". The stakeholders shall communicate and reflect related issues by the way of appeals for stakeholders disclosed on the stakeholders' section.</p>	
(3) Does the Company clearly set out the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	✓		The Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct" which includes the operating procedures, behavior guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, and regularly review and revise the Procedures according to changes of applicable laws or regulations.	None
2. Ethical Management Practice (1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts?	✓		The Company conducts business activities in a fair and honest manner. Before the business dealings, the Company takes the legality and credibility of the commercial objects into account, and avoid trading with the record of dishonesty.	None
(2) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent		✓	The Corporate Governance Promotion Team under the Sustainability Development Promotion Group is responsible for promoting corporate governance-related matters (such as the board of directors, functional committees, stakeholders, ethical corporate management, and business performance), and reporting implementation	Please refer to the summary description.

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
unethical conduct and monitor their implementation?			results to the Board of Directors once a year. The Company has reported the performance in the area of ethical corporate management to the Board of Directors on November 7, 2024.	
(3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies?	✓		The Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct", "Codes of Ethical Conduct", and "Regulations Governing Procedure for Board of Directors Meetings", to prevent conflicts of interest and provide appropriate channels for complaints, and duly implements them accordingly.	None
(4) Does the Company have effective accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits?	✓		The Company has established effective accounting and internal control systems to prevent behaviors with potential high risk of dishonesty. The internal audit unit formulates audit plans based on the results of risk assessment, executes the audit work accordingly, and performs project audits from time to time as required, while reporting the audit results to the Audit Committee and the Board of Directors.	None
(5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?	✓		Through education and training periodically, and irregular publicity, the Company allows Directors and employees to understand our ethical management policy. The training courses on ethical corporate had been held for employees to help raise their awareness of the integrity on December 12, 13, 17, and 25, 2024. Please refer to Point (II) " Continuing education and training, and the status of their implementation " on page 64 of this Annual Report.	None
3. Implementation of Complaint Procedures				
(1) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistleblowers?	✓		The Company has established specific whistle-blowing and reward procedures in the "Procedures for Ethical Management and Guidelines for Conduct", and the "Measures for the Report on Illegal, Unethical and Dishonest Conducts", and assigned designated personnel to handle handling whistle-blowing matters.	None
(2) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a	✓		The Company has established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner in the Procedures for Ethical Management and Guidelines for	None

Evaluation item	Implementation status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary description	
confidential manner?			Conduct, and the Measures for the Report on Illegal, Unethical and Dishonest Conducts.	
(3) Has the Company adopted proper measures to protect whistleblowers from retaliation for filing complaints?	✓		This Company has specified to protect the whistleblowers from improper treatment due to their whistleblowing in the "Procedures for Ethical Management and Guidelines for Conduct", and the "Measures for the Report on Illegal, Unethical and Dishonest Conducts".	None
4.Strengthening Information Disclosure (1) Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	✓		The Company has disclosed the "Ethical Corporate Management Best Practice Principles" on the Company's website and the Market Observation Post System. The Company reports the performance in the area of ethical corporate management to the Board of Directors once a year and discloses it in the annual report of the shareholders' meeting and the Company's website.	None
5.If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: With the operational philosophy of honesty, integrity, fairness, and transparency, self-discipline, and responsibility, the Company has established the Ethical Corporate Management Best Practice Principles, and the Procedures for Ethical Management and Guidelines for Conduct to guide directors, managers, and employees on how to conduct business. The overall operation is not significantly different from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies".				
6.Other important information to facilitate a better understanding of the status of operation of the Company's ethical corporate management policies (e.g., the Company's reviewing and amending of its ethical corporate management best practice principles): (1) To promote and strengthen the corporate culture of ethics and integrity, the Company has formulated the "Codes of Ethical Conduct", "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", and "Anti-Corruption, and Anti-Bribery Policy" to detail the required ethics and responsibilities in business practices. Directors, members of the remuneration committee, and employees of the Company has signed integrity commitments to ensure that they conduct business activities in an honest and ethical manner. (2) The Company has formulated the Supplier Code of Conduct and Supplier Commitment Letter, and 90% of the top ten suppliers have signed the "Supplier Code of Conduct and Supplier Commitment Letter" in 2024. (3) The Company has completed the top ten customers' surveys regarding their integrity, anti-corruption, anti-bribery policy in 2024. (4) The Company's "Regulations Governing Procedure for Board of Directors Meetings" contains a system for Directors' recusal. Those or juridical persons they represent who have a personal interest in any proposals on the agenda of a Board meeting, which may undermine the Company's interests, may state their opinions and answer inquiries but shall recuse themselves from the discussion and voting and may not exercise their voting rights on behalf of other directors. (5) The Company has enacted the "Procedures for Handling Material Inside Information and Preventing Insider Trading Management", which clearly specifies insider trading rules, and confidentiality, handling and disclosure operation procedures for material inside information, in order to prohibit insider trading, any improper information disclosure, and to ensure accurate and timely disclosures. The Company has allocated financial department as a responsible unit charged with handling material inside information. Conduct education and training on "prohibition of insider trading" for directors, managers, and all employees every year. Prohibit insiders such as the Company's directors, managers, or employees from using undisclosed information on the market to buy and sell securities for profit. (6) In 2024, the Company did not have any violations of integrity management.				

(VIII) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed.:

1. Code of Conduct or Ethics for Employees

- (1) The Company has established the Work Rules, and Codes of Ethical Conduct as a basis for the normal work and behavior of the employees.
- (2) The Company has enacted the Procedures for Handling Material Inside Information and Preventing Insider Trading Management with detailed regulations on insider trading rules, and confidentiality, handling and disclosure operation procedures for material inside information, and handling of irregular circumstances and allocated financial department as a responsible unit charged with handling material inside information. Conduct education and training on "prohibition of insider trading" for all employees every year. Upon knowing of any information that will have a material impact on the price of the securities of the Company by reason of their duties, after the information is precise, and prior to the public disclosure of such information or within 18 hours after its public disclosure, the employees should be in accordance with the provisions of the Securities Exchange Act strictly confidential, and shall not use the information in insider trading.
- (3) The Company asks the employees to sign employee confidentiality agreements, and employee integrity commitments. The employees should conduct himself or herself in an honest and ethical manner, and hold the matters or confidential information upon knowing by reason of their duties in strict confidence and manage with care. The employees should not disclose or divulge the confidential information to others nor use it for any purpose other than the performance of their duties unless the confidential information has been disclosed by the Company or provided for the performance of their duties.
- (4) According to the requirements of the internal control system and internal management regulations, the employees should ensure that all forms of instruments through whom the information is accurate and complete, and properly kept.
- (5) In order to maintain the equality of work between the sexes and provide employees with work and service environment free from sexual harassment, the Company has established the Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace to all employees to follow.
- (6) The employees should respect the intellectual property rights laws prohibiting illegal use or copying of copyrighted intellectual property, including books, magazines and software, etc.
- (7) Computers are essential tools for the Company's employees. To regulate the behavior of employees using electronic tools, the Company asks the employees to sign consent forms to agree to abide by the Company's software usage policy.

2. Protective measures for the safety of the work environment and personal safety of the employees:

The Company attaches great importance to safety and health of the employees. The principle of management is to conduct a comfortable, safe, healthy, and hygienic workplace for the employees, and protect their safety. The measures and implementation are described as follows:

- (1) Besides the security guard of the building, the security access control system has been set up to s to guarantee the safety protection of the Company.
- (2) The Company collaborates with Building Management Committee to test and maintain the firefighting safety facilities regularly, and perform maintenance for various public facilities, carry out total smoking ban in the building as required by governmental laws and regulations, and hold a fire training and self-defense fire organization drill once a year. According to the Building Acts, the public safety inspection of buildings is carried out every two years, and City of Taipei Public Safety Building Inspection Certificate of Approval has been obtained.

- (3) The Company has established the "Safety Health Work Rules" and "Occupational Safety and Health Management Plan" in accordance with the Occupational Safety and Health Act to implement the safety and health management in the workplace to ensure the safety and health of our employees.
- (4) The Company has designated personnel as the occupational safety and health management personnel in accordance with the Regulations for Occupational Safety and Health Management. The occupational safety and health management personnel has received safety and health education and trainings, passed trainings, and received certificate of completions. The Company requires the new recruit to receive safety and health education and trainings, and regularly organizes on-the-job safety and health education and training every year to enhancing the employee awareness towards occupational safety, hygiene and health. The Company conducted education and training on " occupational safety and health " on December 12, 13, 17, and 25, 2024.
- (5) To identify potential hazards in the work environment and operational processes, the Company develops response strategies and action plans to improve and reduce the hazard risks by conducting Hazard identification and safety risk assessments in the work environment or task annually.
- (6) To build a friendly and healthy work environment, the Company utilizes the Occupational Safety and Health Management Act and PDCA cycle management framework to implement four major labor health protection plans. These plans include measures for ergonomics hazard prevention, abnormal workload-induced disease prevention, workplace illegal infringement prevention, and maternal health protection. This approach ensures comprehensive care for employees' physical, mental, and emotional well-being, enhances their sense of recognition and cohesion, and continuously creates a competitive advantage for the Company.
- (7) The Company has contracted a professional institution to offer onsite health service and health consultation.
- (8) The Company offers health examinations for all employees periodically to take care of the health of employees.
- (9) In order to maintain the equality of work between the sexes and provide employees with work and service environment free from sexual harassment, the Company has established the Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace.
- (10) The Company enrolls employees in group insurance to provide coverage for employees that are in an accident.

### 3. Board of Directors' training record

Title	Name	Appointment date	Training date	Organizer	Course name	Training hours	In compliance with regulations
Chairman	Lin, Hsun-Min	2023.06	2024.06.19	Securities and Futures Institute	Directors and supervisors' breach of fiduciary duty	3	Yes
			2024.07.18		Opportunities and challenges for Taiwan's industrial transformation under geopolitics - PMI / NMI exclusive analysis	3	Yes
Vice Chairman	Chen, Lu-Hsi	2023.06	2024.06.19		Directors and supervisors' breach of fiduciary duty	3	Yes
			2024.08.01		Economic situation and market opportunities of New Southbound countries	3	Yes
Director	Fan, Shu-Hui	2023.06	2024.06.14		The employee and director remuneration- the amendment of article 14 of Securities and Exchange Act.	3	Yes
			2024.06.12		Supervising the corporate risk and crisis by the directors and supervisors.	3	Yes

Title	Name	Appointment date	Training date	Organizer	Course name	Training hours	In compliance with regulations
Director	Chen, Ting-Tsung	2023.06	2024.09.09		Silicon photonics defines networks: development trends in silicon photonics (SiPh) and co-packaged optics (CPO)	3	Yes
			2024.10.17		Corporate governance trends and corporate sustainable development	3	Yes
Independent Director	Yuan, Hung-Chen	2023.06	2024.06.28		Nature-related financial disclosure (TNFD)	3	Yes
			2024.09.19		Silicon photonics defines networks: development trends in silicon photonics (SiPh) and co-packaged optics (CPO)	3	Yes
Independent Director	Shih, Chun-Mei	2023.06	2024.07.18		Opportunities and challenges for Taiwan's industrial transformation under geopolitics - PMI / NMI exclusive analysis	3	Yes
			2024.10.16		2030/2050 Green Industrial Revolution	3	Yes
Independent Director	Hsiao, Shu-Chen	2024.06	2024.07.03		A case study on fraudulent financial reporting.	3	Yes
			2024.07.04		Legal and transactional practice of corporate mergers and acquisitions	3	Yes
			2024.07.10		How does the board of directors ensure the sustainable operation of the enterprise - starting from the discovery and cultivation of talents	3	Yes
			2024.07.12		From corporate governance to sustainable human rights governance: Corporate ESG challenges and response paths	3	Yes
			2024.09.10	Taipei Exchange	Insider trading prevention seminar for TPEx-listed and emerging stock companies	3	Yes

#### 4. Operational risk management structure

- (1) Risk management policies: To ensure the integrity of the risk management system, implement the checks and balances mechanism of risk management and improve the labor division efficiency of risk management, the Company has established the "Risk Management Policy and Procedures", which was approved by the Board of Directors in 2020 as the highest guiding principle for the Company's risk management.
- (2) Organizational structure of risk management: The Board of Directors is the highest decision authority with respect to risk management and authorizes the President to coordinate and direct the promotion and operation of the risk management plan.  
The risk management and promotion team, which is composed of the heads of each operating unit, is set up under the Sustainability Development Promotion Group, and is under the overall command of the President.
- (3) Scope of risk management: The scope of the Company's risk management includes but is not limited to operational risk, market risk, financial risk, compliance risk, legal risk and other risks that may cause major losses to the Company.
- (4) The state of the implementation of risk management:
  - A. The Company has conducted risk assessments on environmental, economic, social and corporate governance issues related to its operations in accordance with the materiality principle, and formulates relevant risk management policies, and the necessary control measures. The important issues were as follows:

Material issues	Risk Items	Risk Factors	Risk Management Policies and Procedures	Risk Response Strategies
Governance	Financial risk	Exchange rate risk	The Company is an electronic components distributor. As the main scope of business is the sale and purchase of electronic components, the amounts of accounts receivable and accounts	a. The purchase and sales of the Company are denominated in the same currency, and the resulted foreign currency assets and liabilities can offset against each other.

Material issues	Risk Items	Risk Factors	Risk Management Policies and Procedures	Risk Response Strategies
			payable is relatively high, and the currency fluctuations can have significant impacts on the Company. Therefore, the Company collects foreign exchange market information from time to time to fully understand trends in foreign exchange.	<p>b. The foreign exchange rate is taken into consideration when providing quotations for sales.</p> <p>c. Maintain close communication with financial institutions, and collect market information on foreign exchange market for analysis and risk evaluation to be fully aware of the trend of foreign exchange rate, and adjusting financial positions in foreign currency when necessary.</p>
	Information security Risk	The risk of sensitive customer and company data being extorted or leaked by external hackers.	Formulate the Cyber Security Policies, establish the Information Security Management & Promotion Team under the Sustainability Development Promotion Group, and appoint appropriate personnel as Information Security Supervisor, and professional information personnel for the promoting, coordinating, monitoring, and reviewing of the information security.	<p>a. Set up the anti-virus software and firewall: Utilize a variety of tools and technologies to achieve real-time and effective identification, prevention, detection, response, and recovery capabilities.</p> <p>b. Establish the process of prioritizing information security events, and define clarity on the urgency of the incidents.</p> <p>c. Annual information security internal education and training: Hold information security internal education and training annually, and conduct email social engineering drills for all employees to improve their abilities to identify and respond from information security incidents.</p> <p>d. Confidential document permission management: Set up access permissions to confidential documents of the Company and customers to ensure that only authorized individuals have access to the documents.</p> <p>e. Disaster recovery drills: Hold disaster recovery drills for important systems to ensure their effectiveness in a disaster.</p> <p>Please refer to Point VI "Cyber security management" on page 66 of this Annual Report.</p>
Market	Operational Risk	Over-Concentration in Purchase.	The Company is an electronic components distributor, and mainly distributes and resells passive components. Due to factors such as the characteristics of the industry and the scale of operations, purchase is concentrated to the specific supplier. The Sustainability Development Promotion Group regular conducts research and	The Company has a good and long-term cooperative relationship with the suppliers, and is actively developing new product lines to provide customers with more diversified services and decentralize the risk of purchase concentration. In the competitive and fast-changing industry, the Company pays close attention to the changes in the market, and provides real-time information to suppliers and customers continuously to enhance the Company's



Material issues	Risk Items	Risk Factors	Risk Management Policies and Procedures	Risk Response Strategies
			analysis to understand the impact of the risk on the Company's operations. The Company will continue to develop towards diversifying product lines.	added value, benefit both buyers and sellers and create a win-win situation.
Environment	Climate Change Risk	Operational disruptions or losses caused by extreme weather events.	The Sustainability Development Promotion Group regular conducts research and analysis to understand the impact of the Climate Change on the Company's operations. The Company will formulate a complete risk management regulations and policies to cope with the risks of climate change.	Please refer to Point (VI) "Implementation of climate-related information" on page 33 of this Annual Report.

**B. Education and training:**

To enhance employees' risk awareness and risk perception, the Company held the risks management education and training.

- a. The Company conducted an email social engineering drill on August 20 to 26, 2024, and held information security education and training on September 10 and 12, 2024 to improve information security awareness among employees.
- b. The Company held education and training about the issues related to integrity management, ethical behavior, anti-corruption & anti-bribery, human rights and gender equality protection, intellectual property protection, sensitive information (including personal information) protection, and occupational safety & health with 74 participants on December 12, 13, 17, and 25, 2024.

**C. Report regularly to the Board of Directors on risk management operation every year. The Company reported the performance in the area of risk management to the 10<sup>th</sup> meeting of the 12<sup>th</sup> term Board of Directors on November 7, 2024.**

**5. The duty, education, and training of the chief corporate governance officer, and the implementation status of corporate governance by the chief corporate governance officer**

Business responsibilities	Implementation status
Develop appropriate corporate mechanisms and organizational structures to promote the independence of the board of directors, and fulfillment of operation transparency, compliance with laws and regulations, and implementation of internal control.	In order to fulfill the corporate social responsibility initiatives, promote economic, environmental, and social advancement, and implement sustainability in business management, the Sustainability Development Promotion Group was assembled in March, 2024, and handled by the President. The Sustainability Development Promotion Group is responsible for formulating sustainability development policies, regulations, guidelines, and the implementation and operation of said plans, and is comprised of functional teams, which are responsible for sustainable environment, risk management, information security, corporate governance, and social responsibility, respectively.
Handling matters relating to board meetings and shareholders meetings according to laws and producing minutes of board meetings and shareholders meetings.	(1)The Company has engaged Registrar & Transfer Agency Department of KGI Securities Co. Ltd., to coordinate with the Company's finance department to handle affairs related to the stock and shareholders' meeting like registering the date of shareholders meeting, preparing and filing with the authority the shareholders meeting notice, agenda, and minutes by the statutory deadline every year, and completing the procedures after an amendment of the Articles of Incorporation or an election of directors.

Business responsibilities	Implementation status
	<p>(2)The Company held 6 board meetings in 2024, and prepared the meeting agenda, given a notice to all directors to attend a meeting at least seven days in advance, provided sufficient materials for the directors to familiarize themselves with the items, and distributed the minutes to each director within 20 days after the meeting in accordance with relevant laws and regulations according to relevant laws and regulations.</p> <p>(3)The Company had completed the registration of the date of the 2024 general shareholders meeting (June 11, 2024) within the statutory time limit, and held the general meeting of shareholders in accordance with relevant laws and regulations.</p>
Assisting in onboarding and continuous development of directors and supervisors.	Assist the Directors in formulating annual training plans and arranging courses in accordance with the Company's industrial characteristics and Director's academic. In 2024, all Directors has completed the continuing education pursuant to the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies. Please refer to Point 3 "Board of Directors' training record" on page 42 of this Annual Report.
Furnishing information required for business execution by directors and assisting directors and supervisors with legal compliance.	<ol style="list-style-type: none"> <li>1. From time to time, provide board members with information on new issued or revised laws and regulations related to directors' business execution, corporate governance or business operations.</li> <li>2. The Company has adopted standard operating procedures for handling requests made by directors (covering issues including personnel resources and deadlines for handling requests), and handles directors' requests in accordance with such procedures.</li> <li>3. Provide relevant Company information required by Directors to maintain smooth communication and exchanges between Directors and supervisors of each business unit.</li> </ol>
Review the compliance status of the corporate governance evaluation indicators issued by the competent authority one by one every year, and propose improvement plans and corresponding measures for indicators that have not scored.	The Company was ranked as the top 36-50% on the Corporate Governance Evaluation results of 2024. For the improvement plans and corresponding measures for indicators that have not scored, please refer to Point 9 " Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement " on page 25 of this Annual Report.
Conducting performance assessments in accordance with the Corporation's Regulation of Self-Evaluation of the Board of Directors.	The Company has conducted the 2024 performance appraisal of the Company's board of directors and functional committees according to the Rules for Performance Evaluation of Board of Directors, and reported the evaluation results to the 11 <sup>th</sup> meeting of the 12 <sup>th</sup> term Board of Directors on January 14, 2025. The evaluation information is shown as follows. The results show that the board of directors and functional committees have overall operated properly and conformed to the principle of corporate governance. Please refer to Item III "the state of the Company's implementation of corporate governance", point (I) "Operation of the Board of Directors" on page 14 of this Annual Report.
Assessing and taking out appropriate D&O liability insurance for directors.	The Company has already purchased liability insurance for all directors and the insurance coverage period was from June 1, 2024 to May 31, 2025 The Company has reported the insurance situation to the 8 <sup>nd</sup> meeting of the 12 <sup>th</sup> term Board of Directors on July 31, 2024.

The chief corporate governance officer has completed the continuing education mutatis mutandis by the Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies.

The training situation was as follows:

Course Title	Date	Training hours
ChatGPT flips new industry trends	2024.7.11	3
Corporate governance trends and corporate sustainable development	2024.7.11	3
Intellectual property management—centered on patent rights and business secrets	2024.10.22	3
New Trends in ESG Labor Relations - Practical Discussion on Labor Human Rights Management in Sustainable Supply Chains	2024.10.24	3
Chief sustainability officer symposium	2024.12.4	3

(IX) The implementation of the Company's internal control system shall furnish the following:

1. A Statement on Internal Control: For the Company's Statement on Internal Control, please visit the website of the Market Observation Post System (Market Observation Post System >Single Company>Corporate Governance Section>Company Regulations/Internal Control>Statement on Internal Control) (<https://mops.twse.com.tw/mops/#/web/t06sg20>), then select "TPEx Listed" for Market Type, as well as enter the year of inquiry and the Company code 8043 to access it.
2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report.: None.

(X) 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.

1. Material resolutions of a shareholders meeting:

Regular or Special meeting	Date	Major resolutions	Implementation status
Regular meeting	2024.6.12	(1) Adopted the 2023 business report and financial statements.	Announced to the public after shareholder meeting resolution.
		(2) Adopted the 2023 earnings distribution proposal.	August 24, 2024 was set as the Ex-dividend record date, whereas September 4, 2024 was determined as the distribution date in the 8 <sup>rd</sup> meeting of the 12 <sup>th</sup> term Board of Directors held on July 31, 2024.
		(3) Approved amendments of the Procedures for Procedures for Acquisition or Disposal of Assets.	The Company has uploaded the electronic file containing " Procedures for Acquisition or Disposal of Assets" to the MOPS website on June 12,2024 and the information on the company's website has been updated.
		(4) Approved amendments of the Procedures for Articles of Incorporation.	The change of items has been registered with the Ministry of Economic Affairs, R.O.C. on July 8, 2024.
		(5) Elected one independent director to fill the vacancy.	

2. Material resolutions of the board of directors:

Session /Date	Contents of the Motion	Matters under Article 14-3 of the Securities and Exchange Act	any dissenting or qualified opinion of an independent director
THE 5 <sup>th</sup> meeting of the 12 <sup>th</sup> term 2024/1/30	(1) Passed the appointment of the managerial officer. (2) Reviewed the scope of managers that the Company should submit to the Remuneration Committee for remuneration pre-review. (Note 1) (3) Passed the Company's 2023 Managerial Officers Annual Bonus. (Note 1) (4) Passed the Company's salary and remuneration for managerial officers. (Note 2)	Proposal 2 Proposal 3 Proposal 4 Proposal 5 Proposal 6	None

Session /Date	Contents of the Motion	Matters under Article 14-3 of the Securities and Exchange Act	any dissenting or qualified opinion of an independent director
	<p>(5) Passed the appointment and remuneration of the Consultation on ESG Report and the Greenhouse Gas (GHG) inventory and verification.</p> <p>(6) Passed amendments to the Regulations Governing the Acquisition and Disposal of Assets, Procedures for Handling Material Inside Information and Preventing Insider Trading Management, and Risk Management Policy and Procedures.</p> <p>(7) Passed renewal of the Company's credit limit.</p> <p>(8) Passed the matters required under paragraph 2, Explanation 2 of the Order No. Cheng-Kuei-Chien 1130200191 of the Taipei Exchange. (Note 3)</p>		
THE 6 <sup>th</sup> meeting of the 12 <sup>th</sup> term 2024/3/8	<p>(1) Passed the Company's directors' remuneration and employees' compensation for 2023.</p> <p>(2) Passed the directors' remuneration for 2023. (Note 4)</p> <p>(3) Passed amendments to the Articles of Incorporation.</p> <p>(4) Passed the Company's 2023 business report, and financial statement.</p> <p>(5) Passed the earnings distribution of year 2023.</p> <p>(6) Passed the by-election of one independent director.</p> <p>(7) Passed the period and the place for shareholders to submit proposals to be discussed and nomination of candidates of the Company's 1 independent director at the Company's 2024 regular meeting of shareholders.</p> <p>(8) Passed nomination and confirmation of the candidate for the by-election of one independent director.</p> <p>(9) Passed the scheduling of 2024 Annual Shareholders' Meeting.</p> <p>(10) Passed the assessment of the effectiveness of the internal control system and the Internal Control System Statement for 2023.</p> <p>(11) Passed amendments to the Internal Control System and the Internal Audit Implementation Rules.</p> <p>(12) Passed the replacement of certified public accountant. (Note 5)</p> <p>(13) Passed appointment and remuneration for transfer pricing. (Note 5)</p> <p>(14) Passed the appointment and remuneration for the industrial and commercial services. (Note 5)</p> <p>(15) Passed the acquisition of securities.</p> <p>(16) Passed renewal of the Company's credit limit.</p> <p>(17) Passed prepayment for purchases with an aging beyond the normal lead time (six months) and a significant amount are not of financing nature as of December 31, 2023.</p>	<p>Proposal 1</p> <p>Proposal 2</p> <p>Proposal 11</p> <p>Proposal 12</p> <p>Proposal 13</p> <p>Proposal 14</p> <p>Proposal 15</p>	None
THE 7 <sup>th</sup> meeting of the 12 <sup>th</sup> term 2024/5/7	<p>(1) Passed the Company's consolidated financial statements for the 1st quarter of 2024.</p> <p>(2) Passed the acquisition of securities.</p> <p>(3) Passed renewal of the Company's credit limit.</p> <p>(4) Passed prepayment for purchases with an aging beyond the normal lead time (180 days) and a significant amount are not of financing nature as of March 31, 2024.</p>	None	None
THE 8 <sup>rd</sup> meeting of	(1) Passed the Company's consolidated financial statements for the 2nd quarter of 2024.	<p>Proposal 3</p> <p>Proposal 4</p>	None

Session /Date	Contents of the Motion	Matters under Article 14-3 of the Securities and Exchange Act	any dissenting or qualified opinion of an independent director
the 12 <sup>th</sup> term 2024/7/31	(2) Passed the Ex-dividend record date, and the distribution date. (3) Passed the Company's distribution amount of employees' compensation to managerial officers. (Note 1) (4) Passed the acquisition of securities. (5) Passed the disposal of securities. (6) Passed the amendments to the Regulations Governing the Allocation of the Directors' Remuneration. (7) Passed renewal of the Company's credit limit. (8) Passed prepayment for purchases with an aging beyond the normal lead time (180 days) and a significant amount are not of financing nature as of June 30, 2024.	Proposal 5 Proposal 6	
THE 9 <sup>th</sup> meeting of the 12 <sup>th</sup> term 2024/8/27	Passed the 1 <sup>st</sup> transfer repurchased shares to employees. (Note 6)	None	None
THE 10 <sup>th</sup> meeting of the 12 <sup>th</sup> term 2024/11/7	(1) Passed the Company's consolidated financial statements for the 3rd quarter of 2024. (2) Passed the 2025 annual audit plan. (3) Passed strategic cooperation investment. (4) Passed amendments to the amendments to the Rules of Procedure for Board of Directors Meeting, Corporate Governance Best Practice Principles, Audit Committee Charter, Risk Management Policy and Procedure, Internal Audit Implementation Rules, Procedures for Professional Accounting Judgments, and Processes for Making Changes in Accounting Policies and Estimates, and Internal Control System. (5) Passed adoption of the Procedure for Management of Sustainability Information. (6) Passed the disposal of securities. (7) Passed the 2 <sup>nd</sup> transfer repurchased shares to employees. (Note 6) (8) Passed renewal of the Company's credit limit. (9) Passed prepayment for purchases with an aging beyond the normal lead time (180 days) and a significant amount are not of financing nature as of September 30, 2024.	Proposal 3 Proposal 4 Proposal 6	None
THE 11 <sup>th</sup> meeting of the 12 <sup>th</sup> term 2025/1/14	(1) Reviewed the scope of managers that the Company should submit to the Remuneration Committee for remuneration pre-review, and the Company's salary and remuneration for managerial officers.. (2) Passed the Company's 2024 Managerial Officers Annual Bonus. (Note1) (3) Passed amendments to the Articles of Incorporation. (4) Passed the appointment and remuneration for the industrial and commercial services. (5) Passed adoption of the (6) Passed amendments to the Procedures for halt and resumption applications, the Rules Governing Transactions with Related Parties, Specific Parties and Group Enterprises, and Internal Audit Implementation Rules. (7) Passed renewal of the Company's credit limit.	Proposal 4 Proposal 6	None

Session /Date	Contents of the Motion	Matters under Article 14-3 of the Securities and Exchange Act	any dissenting or qualified opinion of an independent director
THE 12 <sup>th</sup> meeting of the 12 <sup>th</sup> term 2025/3/6	(1) Passed the Company's directors' remuneration and employees' compensation for 2024. (2) Passed the salary adjustment for managerial officers. (Note 1) (3) Passed the Company's 2024 business report, and financial statement. (4) Passed amendments to the Accounting System. (5) Passed the assessment of the effectiveness of the internal control system and the Internal Control System Statement for 2024 (6) Passed the period and the place for shareholders to submit proposals to be discussed at the Company's 2025 regular meeting of shareholders. (7) Passed the earnings distribution of year 2024. (8) Passed the scheduling of 2025 Annual Shareholders' Meeting. (9) Passed the salary structure for the Company's managerial officer.	Proposal 1	None
THE 13 <sup>th</sup> meeting of the 12 <sup>th</sup> term 2025/5/5	(1) Passed the Company's consolidated financial statements for the 1st quarter of 2025. (2) Passed renewal of the Company's credit limit.	None	None

Note 1: As this proposal involved the personal interests of Chairman Lin, Hsun-Min, Vice Chairman Chen, Lu-Hsi and Senior Manager Tsai, Su-Chin attending or present at the board meeting, each of them recused him or herself from the discussion and voting on the matter related to him or herself respectively. When Chairman Lin was recused, he appointed Vice Chairman Chen, Lu-Hsi to serve as deputy chair. Apart from the Directors who recused himself from the discussion and voting, the remaining directors attending agreed to approve it without objection.

Note 2: As this proposal involved the personal interests of Chairman Lin, Hsun-Min, Vice Chairman Chen, Lu-Hsi and Senior Manager Tsai, Su-Chin attending or present at the board meeting, each of them recused him or herself from the discussion and voting on the matter related to him or herself respectively. When Chairman Lin was recused, he appointed Independent Director Shih, Chun-Mei to serve as deputy chair. Apart from the Directors who recused himself from the discussion and voting, the remaining directors attending agreed to approve it without objection.

Note 3: As this proposal involved the personal interests of Chairman Lin, Hsun-Min, Vice Chairman Chen, Lu-Hsi and Director Chen, Ting-Tsung attending at the board meeting, each of them recused himself from the discussion and voting on the matter related to himself respectively. When Chairman Lin was recused, he appointed Vice Chairman Chen, Lu-Hsi to serve as deputy chair. Apart from the Directors who recused himself from the discussion and voting, the remaining directors attending agreed to approve it without objection.

Note 4: As this proposal involved the personal interests of all Directors attending at the board meeting, each of them recused him or herself from the discussion and voting on the matter related to him or herself respectively. When Chairman Lin was recused, he appointed Vice Chairman Chen, Lu-Hsi to serve as deputy chair. Apart from the Directors who recused him or herself from the discussion and voting, the remaining directors attending agreed to approve it without objection.

Note 5: As this proposal involved the interests of PricewaterhouseCoopers Taiwan, the CPA and staff of the firm present at the board meeting recused themselves from the discussion and voting on this proposal. The directors attending agreed to approve it without objection.

Note 6: As this proposal involved the personal interests of Chairman Lin, Hsun-Min, Vice Chairman Chen, Lu-Hsi and employees attending or present at the board meeting, each of them recused him or herself from the discussion and voting on the matter related to him or herself respectively. When Chairman Lin was recused, he appointed Vice Chairman Chen, Lu-Hsi to serve as deputy chair. Apart from the Directors who recused himself from the discussion and voting, the remaining directors attending agreed to approve it without objection.

(XI) 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.

**IV. Information on the professional fees of the attesting CPAs**

- (I) The Company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services:

Unit: NT\$ thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-audit fees	Total	Remarks
PricewaterhouseCoopers Taiwan	Yeh, Tsui-Maio	2023.01.01	3,750	2,048	5,798	Non-audit fees include tax certification, transfer pricing, master file, sustainability reporting & greenhouse gas inventory consultation and advisory services, and overseas audit travel expenses.
	Tu, Chan-Yuan	2023.12.31				

- (II) When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.

- (III) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed.: None.

**V. Information on replacement of certified public accountant**

The Company replaced the CPAs, Yeh, Tsui-Maio, and Huang, Shih-Chun, with the CPAs, Yeh, Tsui-Maio, and Tu, Chan-Yuan due to the internal adjustment of the accounting firm, PricewaterhouseCoopers Taiwan since the first quarter of 2024.

- VI.** Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed.: None.

- VII.** Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the Company as well as the Company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged

- (I) Transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent

For the transfer Information of equity interests, please visit the website of the Market Observation Post System (Market Observation Post System>Single Company>Shareholding Changes/Securities Issuance> Inquiry on the Transfer Information of Equity Interests > Registration Form for Insiders' Ex-Post Report of Changes in Shareholding) ([https://mops.twse.com.tw/mops/#/web/query6\\_1](https://mops.twse.com.tw/mops/#/web/query6_1)), and enter the Company code 8043 and the relevant date to search. For the pledge Information of or change Information in equity interests, please visit the website of the Market Observation Post System (Market Observation Post System>Single Company>Shareholding Changes/Securities Issuance> Pledge Created or Cancelled by Insiders> Announcement of the Pledge Created or Cancelled by Insiders ([https://mopsov.twse.com.tw/mops/web/STAMAK03\\_1](https://mopsov.twse.com.tw/mops/web/STAMAK03_1)), and enter the Company code 8043 and the relevant date to search.

- (II) Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the Company as well as the Company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged.: None.

**VIII. Relationship information, if among the Company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another**

2025/4/13

No.	Name	Shareholding		Shareholding of spouse and minor children		Total shareholding by nominee arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
		Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
1	EDOM Technology Co., Ltd.	11,048,398	13.83%	-	-	-	-	-	-	
	Representative: Tseng, Yu-I	-	-	-	-	-	-	-	-	
2	Yuan Chiang Investment Co., Ltd.	6,961,489	8.71%	-	-	-	-	-	-	
	Representative: Lin, Jui-Chin	106	-	-	-	-	-	-	-	
3	Lin, Hsun-Min	5,657,139	7.07%	2,242,021	2.81%	-	-	Lee, Mei-Huei	Spouse	
								Chun Chun Investment Ltd.	The spouse of Chun Chun Investment Ltd.'s representative	
4	Chen, Lu-Hsi	4,044,877	5.06%	2,666,067	3.33%	-	-	Chang, Su-Hui	Spouse	
								Shan Ming Investment Ltd.	The father-in law of Shan Ming Investment Ltd.'s representative	
5	Shan Ming Investment Ltd.	3,195,659	4.00%	-	-	-	-	Chen, Lu-Hsi	The father-in law of Shan Ming Investment Ltd.'s representative	
								Chang, Su-Hui	Father-in law	
								Chen, Lu-Hsi	Father-in law	
	Representative: Yang, Chi-Lin	-	-	100,445	0.13%	-	-	Chang, Su-Hui	Father-in law	
6	Chang, Su-Hui	2,666,067	3.33%	4,044,877	5.06%	-	-	Chen, Lu-Hsi	Spouse	
								Shan Ming Investment Ltd.	The father-in law of Shan Ming Investment Ltd.'s representative	
7	Chun Chun Investment Ltd.	2,399,511	3.00%	-	-	-	-	Lin, Hsun-Min	The spouse of Chun Chun Investment Ltd.'s representative	
								Lee, Mei-Huei	The representative of Chun Chun Investment Ltd.	
8	Representative: Lee, Mei-Huei	2,242,021	2.81%	5,657,139	7.07%	-	-	Lin, Hsun-Min	Spouse	
								Lin, Hsun-Min	Spouse	
9	Chen, Hung-Kai	2,070,000	2.59%	-	-	-	-	Chun Chun Investment Ltd.	The representative of Chun Chun Investment Ltd.	
	Ying Yang Investment Ltd.	1,498,000	1.87%	-	-	-	-	Representative: Lee, Mei-Huei	-	
10	Representative: Chiang, Ming-Hsing	-	-	-	-	-	-	-	-	
								-	-	

**IX. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors and managers, and any companies controlled either directly or indirectly by the Company**

2025/4/13 , Unit: thousand shares

Investee enterprise	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
OUTRANGE STAR LIMITED	350	100%	-	-	350	100%
Multileader Co., Limited	12,800	100%	-	-	12,800	100%



## Chapter 3 Information on capital raising activities

### I. Capital and shares

#### (I) Source of capital stock

1. The types of shares issued by the Company during the preceding fiscal year and in the current fiscal year up to the date of the publication of the report

Month/ year	Issued price (NT\$)	Authorized capital		Paid-in capital		Remarks		
		Shares (thousand shares)	Amount (NT\$ thousands)	Shares (thousand shares)	Amount (NT\$ thousands)	Sources of capital	Capital paid in by assets other than cash	Other
-	10	120,000	1,200,000	79,907	799,072	( Note )	( Note )	( Note )

Note: There was no change in authorized capital and paid-in capital during the preceding fiscal year and in the current fiscal year up to the date of the publication of the report.

#### 2. Type of stock

2025/4/13 , Unit: thousand shares

Type of stock	Authorized Capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common Share	79,907	40,093	120,000	( Note )

Note: The stock is stock of a TPEX listed company

3. If approval has been granted to offer and issue securities by shelf registration, additionally disclose the approved amount and information regarding securities to be issued or already issued: None.
- (II) List of major shareholders (List all shareholders with a stake of 5 percent or greater, and if those are fewer than 10 shareholders, also list all shareholders who rank in the top 10 in shareholding percentage, and specify the number of shares and stake held by each shareholder on the list.)

2025/4/13

Names of major shareholders	Shares	Shareholding (shares)	Shareholding (%)
EDOM Technology Co., Ltd.		11,048,398	13.83
Yuan Chiang Investment Co., Ltd.		6,961,489	8.71
Lin, Hsun-Min		5,657,139	7.07
Chen, Lu-Hsi		4,044,877	5.06
Shan Ming Investment Ltd.		3,195,659	4.00
Chang, Su-Hui		2,666,067	3.33
Chun Chun Investment Ltd.		2,399,511	3.00
Lee, Mei-Huei		2,242,021	2.81
Chen, Hun-Kai		2,070,000	2.59
Ying Yang Investment Ltd.		1,498,000	1.87

#### (III) Company's dividend policy and implementation thereof

##### 1. Dividend policy

According to the Company's Articles of Incorporation, where the Corporation has net profit after tax at the end of the fiscal year, after paying all relevant taxes and making up losses of previous years, the Corporation shall set aside ten percent of net profit as legal reserve and a special reserve shall be set aside or reversed in accordance with Article 41 of the Securities and Exchange Act. Where such legal reserve amounts to the total paid-in capital, this provision shall not apply. If there is still remaining net profit, the remaining net profit plus the beginning unappropriated earnings are the cumulative distributable surplus of shareholders, and shall be distributed to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

The distributable bonuses, capital reserve and legal reserve in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such

distribution shall be submitted to the shareholders' meeting, and the provisions of the preceding paragraph requiring the resolution of the shareholders' meeting shall not apply.

To reward and motivate employees and the management team, if the Company has profit (which means income before tax excluding the compensation distributable for employees and the Directors), the Company shall allocate 5% to 15% of the profit as the employee bonus and not exceed no more than 2% of the profit as director remuneration. However, the Company's accumulated losses shall have been covered.

The Company will take into account, its future capital requirements and long-term financial planning, as well as the shareholders' need for cash, and distribute dividends and bonus to shareholders on the distributable surplus referred to in Article 20, of which cash dividends and bonus shall not be less than ten percent of the total dividends and bonus.

The shareholders' meeting may adjust the ratio of aforesaid cash dividends and bonus according to actual amount profits, capital needs and operational needs of the Company.

2. Implementation status: Proposed distribution of retained earnings for the year ended December 31, 2024 is as follows:

Earnings Distribution Table  
For the Year Ended December 31, 2024

	Unit: NT\$
Undistributed earnings at the beginning of the period	1,053,975,751
Add: 2024 adjustments of the undistributed earnings	1,752,293
After adjusted undistributed earnings	1,055,728,044
Add: net profit (loss) after tax for 2024	121,377,398
Less: legal reserve appropriated	(12,137,740)
Less(add): special reserve appropriated (reversal of Special reserve)	35,760,369
Earnings available for distribution	1,200,728,071
Distributable items:	
Less: cash dividends (NT\$ 0.8 per shar)	(63,925,736)
Undistributed earnings at the end of the period	1,136,802,335

3. If a material change in dividend policy is expected, provide an explanation.: None.

(IV) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting.: The distribution proposed or adopted at the most recent shareholders' meeting will be made in cash, so there will be no effect upon business performance and earnings per share.

(V) Compensation of employees, directors, and supervisors

1. The percentages or ranges with respect to employee, director, and supervisor compensation, as set forth in the Company's Articles of Incorporation.: Please refer to Item (III) "Company's dividend policy and implementation thereof", Point 1 "Dividend policy " on page 53 of this Annual Report.
2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period.: The Company estimates the amount of employee, and director compensation according to Article 20 of the Company's Articles of Incorporation and the current year's profits, and recognizes it as operating expenses in the current period. If the Board of Directors decides to pay employee compensation in stocks, the number of shares shall be calculated by the closing price on the day prior to resolution of the board of directors. Notwithstanding, in the case of the accounting treatment of the discrepancy between the actual distributed amount and the estimated figure, it shall be identified as changes in accounting estimate and stated as the income of the year of allocation.

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

- (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed.

The distribution of employee, and director compensation was approved by the Board of Directors on March 6, 2025 as follows:

Items	Amount (NT\$)
Employee cash compensation	14,204,322
Employee stock compensation	-
Directors compensation	2,709,935
Total	16,914,257

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation.

No employee compensation in stock was distributed for the year of 2024.

4. 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.

Due to a net loss after tax in 2023, it was not to distribute compensation to employees and directors resolved by the board of directors. There was no discrepancy between that amount approved by the Board of Directors and the estimated figure for the fiscal year these expenses are recognized.

(VI) Status of a company repurchasing its own shares: None.

**II. Issuance of corporate bonds: None.**

**III. Preferred shares: None.**

**IV. Global depositary receipts (GDR): None.**

**V. Employee share subscription warrants: None.**

**VI. New restricted employee shares: None.**

**VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.**

**VIII. Implementation of the Company's capital allocation plans**

For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits: Not Applicable.

## Chapter 4 Overview of operations

### I. Description of the business

#### (I) Scope of business

##### 1. The Company's major lines of business

- (1) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- (2) CC01080 Electronics Components Manufacturing.
- (3) CC01110 Computer and Peripheral Equipment Manufacturing.
- (4) F119010 Wholesale of Electronic Materials.
- (5) F219010 Retail Sale of Electronic Materials.
- (6) F401010 International Trade.
- (7) I301010 Information Software Services.
- (8) I301020 Data Processing Services.
- (9) I301030 Electronic Information Supply Services.
- (10) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

##### 2. The relative weight of the major lines of business

Unit: NT\$ thousands, except otherwise stated

Products \ Year	2024		2023	
	Sales Amount	Percentage (%)	Sales Amount	Percentage (%)
Electronic components	4,688,007	100.00	4,885,670	100.00

##### 3. The Company's current products (services)

The Company is an electronic components distributor, and mainly distributes and resells passive components, such as Multi-Layer Ceramic Capacitors (MLCCs) and inductors. The Company's customers are in the major domestic manufacturers of motherboards, laptops, and smartphones. For the Company's current products, please refer to the Table 1.

Major products and their usage (Table 1)

Suppliers	Product Name	Major usage
Taiyo Yuden	MLCCs High frequency inductors	Electronic products, such as motherboards, laptops, mobile phones, LCD monitors, network related products, digital cameras, e-book, etc., as well as server, and automotive applications
	SAW filter	Mobile phones, cordless telephones, digital cameras, RF module, 5G LTE related products
Zilltek Technology Corp.	MEMS Microphones	Notebooks, TV, speaker, mobile phones related
Sunplus Innovation Technology Inc.	Image Signal Processor	Notebooks, chrome books, all-in-one PC 、 windows tablet computers, smart TV, webcams
Lyontek Inc.	Asynchronous SRAM -Embedded memory -Audio Amplifier	Personal access System, electronic dictionary, Printers, currency-counting machines, mobil phone related products
Stackpole Technology, Inc.	Resistor Power Protection Resistors	Motherboards, power supply, consumer electronic products, motor, automatic control
ISP Solution Co., Ltd.	Image sensor module	Tablet computers, mobile phones, laptops
Shanghai Lingee	NTC Thermistor	Automotive products, industry control
Susumu	Thin film surface mount resistors	Automotive products, industry control
Nidec Corporation	Motors	Robot, drone, mobile phones, E-Bike, server
Canadian Supplier	E-BIKE Controller Module	E-Bike, Industrial Machinery
U.S. Supplier	GaN Power Controller Module	Charging equipment, power controller and other related products

## 5. New products (services) planned for development

Established in 1989, the Company has since been offering excellent, accurate, and rapid services and quality to customers. The Company expands its new product lines proactively to provide customers with more diversified services, and actively expands new markets through years of contacts and popularity accumulated in the industry, as well as the advantages of marketing and technical services.

### (II) overview of the industry

#### 1. The current status and development of the industry

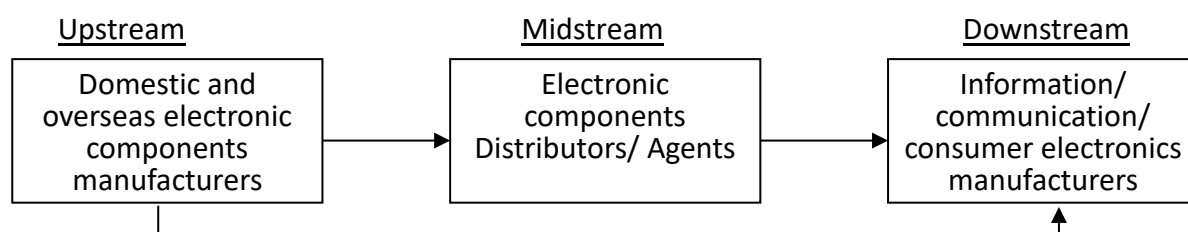
Passive electronic components as the upstream components of electronic products are widely used in electronic terminals, such as smartphones, laptops, liquid-crystal display televisions, tablet computers, servers (AI applications), network products, Automotive, etc. Due to the high application and importance of passive electronic components in the modern electronics industry, the Passive electronic component industry is still an indispensable part of the electronics industry.

In 2023, Russia-Ukraine war that remained unresolved, the high inflation, sluggish economic recovery power due to China's real-estate developer's debt default and local-government debt crisis, and high tensions in the Middle East due to Palestine's invasion of Israel led to the weak willingness of terminal consumption, the sluggish demand for consumer electronic products, also affecting the destocking speed of consumer electronic products and the demand for passive components.

In 2024, the terminal inventory liquidation has drawn to an end, inventory replenishment has warmed up, AI server shipments have gradually grown, as well as AI-Capable smartphones & PCs have launched one after another, pushing up the demand for passive components.

#### 2. The links between the upstream, midstream, and downstream segments of the industry supply chain

The Company is an electronic components distributor, and mainly engaged in the distribution and resale of passive components, such as MLCCs and inductors. The upstream of the entire industry chain consists of domestic and overseas electronic components manufacturers, while the downstream consists of information/ communication/ consumer electronics manufacturers. For upstream manufacturers, the distributors can establish an intensive and complete marketing channel, and develop new markets. Also, the distributors will help them avoid directly facing customers and save marketing expenses. For downstream manufacturers, distributors can quickly provide parts and technical supports they need, reduce their inventory, transport risk and R&D spending. Moreover, the distributor can analyze the market trend and advise them. In the production and sales of the electronic information industry, the electronic components distributors play a role as a bridge between upstream domestic and overseas electronic components manufacturers and downstream information/ communication/ consumer electronics manufacturers, and maintain the harmonious relationship among these three parties. The following lists the upstream, midstream and downstream links of the industry:



#### 3. Development trends for the Company's products

From the perspective of the major products, MLCCs, the Company distributes, the development trend is as follows:

- (1) Miniaturization: In order to meet the market demand for intelligence and miniaturization of smartphones, tablet computers, wearable devices and portable electronic appliances, MLCCs are developing toward the direction of miniaturization and ultra-miniaturization.

- (2) High voltage: In order to increase availability, and manufacturing efficiency of LED lighting, and lower its prices, new LED technologies help to make this possible with higher operating voltages and increased densities of light output. In addition, under electrification, electric vehicles must equip high-capacitance batteries with high voltage to increase the cruising distance. Based on the trend toward higher voltages, MLCCs are developing toward the direction of withstanding higher voltage.
- (3) High-frequency: From 2G to 5G, communication technology is moving towards higher operating frequencies to reach higher data rates and capacity. Moreover, as the communication frequency is getting higher, and the mutual interference and noise occurrence become frequently, the application of MLCCs with low ESR/ESL is more necessary as well.
- (4) High reliability: Due to the MLCCs in automobiles need to operate in harshest environments with extreme temperature changes, high humidity, strong vibrations, and the highest operating temperatures, MLCCs for Automotive Electronics must meet the demanding requirements of AEC-Q200. Therefore, the high reliability requirements of MLCCs will continue to increase in the future.
- (5) High capacity: Owing to the increase of function of electronic terminals, the battery capacity increases. In order to enable the Stable fast-charging ability in large-capacity batteries, it requires the configuration of high capacity, and high-quality MLCCs, which encourage the development of high capacity MLCCs.

#### 4. Competition for the Company's products

The major competitors of the major products, MLCCs, the Company distributes, are listed below.

Global Major Suppliers of MLCCs

Nation	Name of the supplier
Japan	Murata, Taiyo Yuden, TDK, AVX
South Korea	Samsung Electro-Mechanics ( SEMCO )
Taiwan	Yageo, Walsin
Mainland China	Fenghua Advanced Technology, Eyang Technology, Chaozhou Three-circle, Viyyong

The global multilayer ceramic capacitor market is consolidated with a small number of large-scale vendors that control majority of the market share. The key suppliers of MLCCs market are majorly from Asia, such as Murata, SEMCO, Taiyo Yuden, Yageo, TDK, and AVX. Japanese suppliers are in supremacy in small high-capacity and ceramic powder technologies, and boast complete product matrices, and account for major share of the global multilayer ceramic capacitor market followed by players from Taiwan, Korean and Mainland China.

(III) Overview of the Company's technologies and its research and development work: None.

(IV) The Company's long- and short-term business development plans

##### 1. Short-term business development plans

##### (1) Marketing strategy

- A. Emphasis on sales and marketing training: The Company strengthens its training of sales personnel to enhance their skills, abilities, and attitudes. Training sales personnel in better sales technique, customer service skills and marketing expertise to provide excellent customer service and build well and lasting relationships with customers helps boost sales and improve customer satisfaction.
- B. Strengthen customer technical support skills, help customers shorten design time, and launch new products in a timely manner.
- C. Developing diversified product lines: Expands new product lines in different industries, master the seasonal demands of each industry, and reduce the impact of the ups and downs of a single industry on enterprises.
- D. Complete logistics management system: Continuously improve and strictly control warehouse management methods, and enhance logistics efficiency, and meet customer demand immediately.

(2) Product strategy

To strengthen core competence and create added-value, the Company continues to focus on niche products, expand product lines and scale, and provides customers with professional technical support services and a total solution.

(3) Scale of operations and development strategy

A. The Company integrates the resources of subsidiaries and reinvested companies, and makes overall planning, so as to improve the operational efficiency of the organization.

B. Promote your competitive advantage in the market: To boost the Company's popularity and increase market recognition, the Company will continue to seek possible strategic partnerships.

2. Long- term business development plans

(1) Marketing strategy: The Company is gradually expanding our sales footprints to Southeast Asia in addition to existing footprints in Taiwan, Hong Kong, and Mainland China, so as to meet customer needs for expanding overseas presence.

(2) Product strategy: The Company continues to expands its new product lines, provides customers with more complete after-sales services and technical support, and actively expands new markets through years of contacts and popularity accumulated in the industry, as well as the advantages of marketing and technical services.

(3) Scale of operations and development strategy: The Company integrates the resources of subsidiaries and reinvested companies, and makes overall planning, so as to improve the operational efficiency of the organization.

(4) Financial strategy: The Company is an electronic component distributor and has high demand on working capital. In addition, the exchange rate has fluctuated greatly in recent years, which has a great impact on the Company's operating performance. Therefore, the Company maintains close partnership with financial institutions, and also actively develops talent to accurately evaluate the overall economy in the hopes of minimizing effects from related uncertainties. The Company continues to strengthen financial planning based on the principle of conservative financial stability, and will increase its working capital through capital raising plans at an appropriate time, in response to the funding needs of increasing operation scale.

**II. analysis of the market as well as the production and marketing situation**

(I) Market analysis:

1. The geographic areas of the main products

Unit: NT\$ thousands, except otherwise stated

Year Sales Region	2024		2023	
	Sales Amount	Percentage (%)	Sales Amount	Percentage (%)
Taiwan	686,019	14.63	387,835	7.94
Asia and others	4,001,988	85.37	4,497,835	92.06
Total	4,688,007	100.00	4,885,670	100.00

2. Market share

Since its establishment, the Company has been endeavoring to channel management of passive components. In order to establish differentiation among peers, enhance competitive advantages, and avoid a vicious circle of virulent price competition, the Company has mainly been selling high-end MLCCs. In recent years, the Company has gradually been deployed in the development and sales of E-BIKE controller module. The Company adheres to the business philosophy of "customer first, continuous service" over the years, establishes a fast, convenient and stable supply system, and continuous grasps market trends. Due to US-China trade war, the Company flexibly assists customers to obtain the source of supply rapidly, and wins the trust and admiration of customers with perfect and high-quality services. The Company's customers include well-known domestic first-line motherboard, notebook computer and mobile phone manufacturers.

3. Demand and supply conditions for the market in the future and the market's growth potential  
Looking ahead to 2025, the AI applications are becoming increasingly common, the demand of the AI server & high-end switches is gradually increasing, and the penetration of AI-capable smartphones & PCs is rising. In addition, the demand for applications such as automotive electronics is steadily rising. The passive component industry is expected to increase. However, the uncertainty of terminal market demand increases due to Trump's 2.0 tariffs policy and his back-and-forth on tariffs. Suppliers will face the challenge to adjust their production capacity planning. The growth momentum of passive components will be relatively limited, and poised for steady growth. But the global economy will still be primarily driven by the state of global economic recovery, changes in the industry's operating environment and how long they will last.
4. The competitive niche
  - (1) Comprehensive Marketing channels and logistics system  
The company has been engaged in the marketing of electronic components for over 30 years, and adheres to the business philosophy of "client paramountcy and service first". In addition to setting up a head warehouse in Taipei, in response to the needs of domestic electronics manufacturers to set up overseas production facility, and serving foreign customers, the Company has expanded overseas sales and service points, and established overseas warehouses to provide prompt and localized services. To enhance the Company's service quality, the Company continues to systematically integrate operating procedures in the Company system, build a fast and comprehensive marketing and logistics system, and shorten the operation time, facilitating reducing delivery lead time. The Company also uses the information system to provide real-time information and inventory quality status, regularly review the inventory status and reduce the probability of errors to achieve optimal inventory status. The Company keeps communication channels open, strictly abides by the relevant transaction agreements with customers, and maintains a stable and good relationship with customers winning the trust of customers.
  - (2) Leading product line  
Whether the distributed product is competitive or not is an important basis for the distributor to compete with competitors in the market. In the MLCCs industry chain, Japanese MLCCs brands currently occupy an absolutely dominant position. From the upstream raw material link of ceramic powder, internal and external electrodes, and auxiliary materials, to the midstream MLCCs preparation process, Japanese brands have absolute advantages. The Company mainly distributes and resells high-end MLCCs from Japanese manufacturer Taiyo Yuden. Taiyo Yuden has cultivated various technologies over the course of developing and manufacturing its mainstay capacitor products since its foundation, and has a uniform production process from material development to high accuracy printing and lamination technology and offers a broad lineup of small size, low profile, high capacitance value, and high reliability products to meet customer needs. In addition, Taiyo Yuden continues to pay attention to the development of the advancements of constantly changing electronic equipment to create and provide a succession of products and new value in line with market demands. Thus, Taiyo Yuden's products have both technical and cost advantages in the MLCCs industry chain.  
The Company also actively steps into the inductor market, another passive component, focusing on application of IoT and related fields and sensors and applies E-Bike controller modules and motors to the pedal assist bike and industrial machinery to expand the penetration of the industrial market and break into the pedal assist bike markets in European and American.
  - (3) Professional technical support capabilities  
The company attaches great importance to the technical support in the customer's product development stage. The Company can quickly grasp the latest developments in the technology market, convey the latest product solution information to our customers and provide timely services to help customers shorten design time, improve Product competitiveness, save R&D and design costs, and shorten the time. Customer dependence on the Company and its agent



products is increased, laying the niches for the development of the Company.

(4) Good customer base

Established in 1989, the Company has since been focusing on operating electronic components distribution business, and offering excellent, accurate, and rapid services and quality to customers. The Company's customers are in the major domestic manufacturers of motherboards, laptops, and smartphones. Under the Company's hard work in the market for years, the Company maintains a stable and good relationship with customers, supplemented by professional and timely technical support, convenient and fast supply capabilities, and earns the trust of well-known domestic manufacturers.

(5) Excellent management ability

The Company has a strong and seasoned management team. The main senior executives have more than 10 years of experience in marketing and managing in related industry, and have a good business philosophy and cooperation tacit understanding. The Company's management team maintains a dedicated and persistent attitude, effectively grasps the industry environment and market trends, and consistently deliberates the future operation strategies to enhance our competitiveness in the market and creating a competitive niche.

5. Positive and negative factors for future development, and the Company's response to such factors

(1) Positive factors

A. The overall demand for multilayer ceramic capacitors is stable, and the global automotive products and 5G are booming.

Capacitors are indispensable and critical elements in analog and digital electronic circuits utilized in many applications, including energy storage, coupling and decoupling, electrical noise suppression, bypassing, and more. MLCCs are a type of ceramic capacitors characterized by small size, large capacity, affordable price, good stability, low loss rate during high-frequency use. As an important part of passive components, multilayer ceramic capacitors have a wide range of applications in consumer electronics, automotive electronics and other fields, and are less affected by a single industry prospering or not. In recent years, the the application of electric vehicles, communication network infrastructure and industrial control have boomed, driving strong demand for multilayer ceramic capacitors.

B. Well-known products

In the MLCCs industry chain, Japanese MLCCs brands currently occupy an absolutely dominant position. From the upstream raw material link of ceramic powder, internal and external electrodes, and auxiliary materials, to the midstream MLCCs preparation process, Japanese brands have absolute advantages. The Company mainly distributes and resells high-end MLCCs from Japanese manufacturer Taiyo Yuden. Taiyo Yuden has cultivated various technologies over the course of developing and manufacturing its mainstay capacitor products since its foundation, and has a uniform production process from material development to high accuracy printing and lamination technology and offers a broad lineup of small size, low profile, high capacitance value, and high reliability products to meet customer needs. In addition, Taiyo Yuden continues to pay attention to the development of the advancements of constantly changing electronic equipment to create and provide a succession of products and new value in line with market demands. Thus, Taiyo Yuden's products have both technical and cost advantages in the MLCCs industry chain.

C. Distributors play an important and indispensable role in the industrial supply chain.

Distributors are the bridge between the upstream and downstream, providing professional supply chain management for both. For upstream suppliers, distributors provide the functions of business marketing, product promotion, product integration, customer service, and reflecting on market demand. For downstream customers, the distributors provide the functions of the immediate supply, and technical support. Therefore, as division of labor of the industries becomes more and more sophisticated, the industrial value of distributors has increased with each passing day, regarded by suppliers and customers as strategic business partners.

The Company regards itself as a professional distributor. In addition to providing customers with

complete solutions in the customer's product development stage, the Company meets customers' supply needs in a timely and appropriate manner, adjusts the product and price strategy in a timely manner to invisibly win the trust and evaluation of customers. In addition to distribute and resell the products, the Company delves into customers' reactions and opinions on the products, and relevant market information, such as the latest industry trends and technological developments, and feed the information back to the suppliers. Therefore, the Company is highly valued and relied on by suppliers, laying the irreplaceable important position of the Company in the industrial chain.

(2) Negative factors and the Company's response to such factors

A. Geopolitical tensions

Due to the impact of geopolitical tensions, it is inevitable that many manufacturers move some manufacturing processes from mainland China to Southeast Asia, and the Company's cost of management and sales will also increase accordingly.

Response measures:

In order to cope with the fact that manufacturers move their manufacturing from mainland China to other regions, the Company closely monitors market changes, adopts a flexible approach, and enhance marketing channels and logistics system in the South-East Asian to improve overall efficiency.

B. Foreign currency risk

The Proportion of Export sales which are priced in U.S. dollars is heavily. Exchange rates of US fluctuates frequently in recent years significantly influences the Company's profit.

Response measures:

Please refer to Item 4 "Operational risk management structure", Point (4) "The state of the implementation of risk management" on page 43 of this Annual Report.

(II) Usage and manufacturing processes for the Company's main products.

1. Usage for the Company's main products: Please refer to Table 1 Major products and their usage on page 56 of this Annual Report.
2. Manufacturing processes for the Company's main products: Not applicable.

(III) Supply situation for the Company's major raw materials.

The Company has and maintains a good, long-term, and close cooperative relationship with suppliers to ensure a stable supply of products and reduce the costs. Meanwhile, the Company continues to actively expand new agency product lines to strengthen the Company's competitive advantages. For the Company's current main products and suppliers, please refer to Please refer to Table 1 Major products and their usage on page 56 of this Annual Report.

(IV) A list of any suppliers and clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each, and an explanation of the reason for increases or decreases in the above figures.

1. A list of any suppliers accounting for 10 percent or more of the Company's total procurement amount in either of the 2 most recent fiscal years

Unit: NT\$ thousands, except otherwise stated

Item	Up to the preceding quarter of the current fiscal year				Year 2024				Year 2023			
	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer	Name	Amount	Percentage of annual net purchases	Relationship with the issuer
1	ABC	748,260	64.64%	-	ABC	3,121,242	70.81%	-	ABC	2,949,532	71.74%	(Note)
2	DEF	137,241	11.86%	-	DEF	534,657	12.13%	-	DEF	443,592	10.79%	-
	Others	272,157	23.50%	-	Others	751,962	17.06%	-	Others	718,356	17.47%	-
	Net purchases	1,157,658	100.00%		Net purchases	4,407,861	100.00%		Net purchases	4,111,480	100.00%	

Note: The shareholder holding greater than a 10 percent stake.(It was no longer a related party since July 22,2024.)

Explanation of the reason for increases or decreases: The change is not significant.

2. A list of any clients accounting for 10 percent or more of the Company's total sales amount in either of the 2 most recent fiscal years

Unit: NT\$ thousands, except otherwise stated

Item	Up to the preceding quarter of the current fiscal year				Year 2024				Year 2023			
	Name	Amount	Percentage of annual net sales	Relationship With the issuer	Name	Amount	Percentage of annual net sales	Relationship With the issuer	Name	Amount	Percentage of annual net sales	Relationship With the issuer
1	GHI	80,990	7.69%	-	GHI	1,275,461	27.21%	-	GHI	1,588,146	32.51%	-
	Others	971,625	92.31%	-	Others	3,412,546	72.79%	-	Others	3,297,524	67.49%	-
	Net sales	1,052,615	100.00%		Net sales	4,688,007	100.00%		Net sales	4,885,670	100.00%	

Explanation of the reason for increases or decreases: The change is not significant.

**III. The number of employees employed for the 2 most recent fiscal years, and during the current fiscal year up to the date of publication of the annual report, their average years of service, average age, and education levels (including the percentage of employees at each level)**

Fiscal year		2023	2024	As of May 8 of the current fiscal year
Number of employees	Sale staff	69	63	61
	Administrative staff	56	53	57
	Applications engineer	2	2	2
	Total	127	118	120
Average age		40.22	41.12	40.90
Average years of service		11.12	11.94	11.87
Education distribution percentage (%)	Ph.D.	-	-	-
	Master's degree	3	4	3
	College	76	76	78
	Senior high school	21	20	19
	Below senior high school	-	-	-

**IV. Disbursements for environmental protection**

- (I) Any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.: None.
- (II) Emphasizing green environmental protection is the trend relevant for future industrial development. Countries worldwide have successively proposed the targets on net-zero emissions, resulting in downstream suppliers being asked to adjust manufacturing processes. The Company is mainly engaged in the sale and purchase of passive components, such as MLCCs and inductors. Taiyo Yuden has taken the "Green" into consideration, and adjusted manufacturing processes to comply with the relevant environmental laws and regulations. When expanding new agency product lines, the Company takes the "Green" into consideration, and prudently assess whether a product is compliant with environmental laws and regulations.

## V. Labor relations

### (I) Employee benefit plans

The Company not only comply with local laws at operational sites and give employees the basic rights that they deserve, but also establish an employee welfare committee to offer additional benefits beyond legal requirements in order to gather the centripetal force of colleagues towards the company and build a harmonious labor-management relationship. Employee welfare programs include the following :

1. Working Hours, Recess and Holidays are handled in line with the Labor Standards Act.
2. Labor Insurance, national Health Insurance, contributions to worker pension preparatory fund, and contributions to worker pensions.
3. Employee group insurance.
4. Corporate dinners and year-end banquet.
5. Employee awards: Publicly present gold jewelry to eligible Long Service employees and exemplary employees as a token of appreciation for their years of service and contributions.
6. Regular labor health examination better than the requirements of the "Regulations of the Labor Health Protection"
7. Subsidies for wedding, funeral, childbirth, and cash gifts for three major festivals and birthday.
8. Subsidies for domestic and international tourism.
9. Subsidies for the purchase of laptops.
10. Loans for car purchase: qualified sales staffs are eligible for no-interest car loans.
11. On-the-job training subsidy : To encourage employees to enrich their skills and inspire employees to engage in continuous learning, the Company has formulated the "Regulations of Subsidy to Employees' On-the-Job Education" in August, 2024 to offer tuition subsidies to qualified supervisor participating in on-the-job training in domestic public (private) graduate school.
12. Breastfeeding room and Childcare discounts: In order to promote a child-raising friendly workplace, the Company has set up a breastfeeding room for childcare employees and contracted with childcare service institutions to provide childcare services in a favorable manner.
13. Occupational health services: To build a friendly, healthy and safe workplace, the Company entrusts qualified health consultant company to provide occupational health services, and builds on the "Occupational Safety and Health Management Act" and PDCA cycle management to implement four major labor health protection plans. The four protection plans, including the ergonomic hazards prevention plan, the abnormal workload-induced disease prevention plan, the unlawful Infringement in the performance of duties prevention plan, and the maternal health protection plan, can ensure comprehensive care for employees' physical, mental, and emotional well-being, enhance their sense of recognition and cohesion, and continuously create competitive advantages for the Company.
14. Health education course.
15. Special store discounts.

### (II) Continuing education and training, and the status of their implementation

The Company provides onboarding training for new hires, and on-the-job training for employees (including internal training and external training) in accordance with the "Employee Training Procedures". New employees are required to complete the onboarding training, including the introduction to Company profile, personnel management regulations and Information security, as well as general safety and health education and trainings, internal training in the unit.-Each unit of the Company proposes annual education and training programs in accordance with laws and the business needs of the units to enhance employees' professional skills, improve management capabilities, and achieve the Company's operational goals, thereby strengthening corporate competitiveness. Various training methods such as internal training in the unit, onboarding training, and on-the-job training ensures that all staff acquire new knowledge and skills to keep pace with the time.

The training situation of the Company was summarized as follows:

Item	Total training sessions	Total number of trainees	Total training hours
Onboarding training for new hires	8	10	80.0
Internal on-the-job training	26	446	731.5
External on-the-job training	24	36	203.0
Total	58	492	1014.5

The internal education and training curriculum in 2024 includes topics such as sustainable development, internal quality audits, insider trading prevention, information security awareness, integrity management, ethical behavior, anti-corruption and anti-bribery, human rights and gender equality protection, intellectual property protection, sensitive information (including personal information) protection, occupational safety and health, market trend sharing, advanced excel techniques , health course, as well as global economic. The external education and training curriculum in 2024 includes topics such as sustainable development, corporate governance, internal audit, information security, querying data with microsoft transact-SQL, intellectual property management, common deficiencies in "Financial Report Review", important internal control regulation, market or industry trend, as well as seminar/symposiums held by competent authorities.

The training situation of the Company's personnel at different levels was summarized as follows:

(III) Retirement systems, and the status of their implementation

1. Defined benefit pension plan: The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.
2. Defined contribution pension plan: Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were \$3,200 and \$3,289, respectively.

(IV) The status of labor-management agreements and measures for preserving employees' rights and interests

The Company convenes a labor-management meeting in accordance with the Regulations, and has an employee email-box as an extra communication channel. Employees can file the opinions via mails, telephone or in person. The employee communication channels run smoothly. As the Company has attached great importance to labor-management harmony and employee' rights and benefits, our labor-management relations have been harmonious and positive, and both employers and employees could gain common understanding and make all work smoothly moved. As labor-management relations have been harmonious since the establishment of the Company, the Company hasn't suffered any loss as a result of labor disputes in the past.

(V) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred at Present and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.: There were no labor disputes in the most recent fiscal year and up to the annual report publication date. The Company maintains harmonious labor-management relations.: The Company hasn't suffered any loss as a result of labor disputes in the past.

(VI) Employee remuneration policies

The Company is committed to providing a transparent and fair compensation policy. The remuneration is issued based on their work experience and academic qualifications, professional knowledge & skills, years of service & work experience, performance, which is positively related to the Company's operation performance. If the Company has profit, the Company shall allocate 5% to 15% of the profit as the employee compensation according to the Company's Articles of Incorporation. Welfare is set under the premise of agreeing with the law, and at the same time taking employee's needs into consideration. All employees have the right to equal pay regardless of their gender, age, national or ethnic, nationality, religion, political leanings, and sexual orientation. In 2024, except for senior managers who have different remuneration due to their different business responsibilities and duties, there was no significant difference in the remuneration of the other female and male at all job levels. As of the end of 2024, females accounted for 51.06 % of all employees, and females in management positions accounted for 36.84%. As of the end of 2023, females accounted for 56.12 % of all employees, and females in management positions accounted for 37.50%. For welfare items, please refer to Item V "Labor relations", Point (I) "Employee benefit plans " on page 64 of this Annual Report.

**VI. Cyber security management**

(I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

1. The cyber security risk management framework

The Company has established the Information Security Management & Promotion Team under the Sustainability Development Promotion Group, allocated adequate human, material and financial resources and appointed appropriate personnel as Information Security Supervisor, and professional information personnel for the promoting, coordinating, monitoring, and reviewing of the information security management operations.

2. The cyber security policies

(1) Purpose: Strengthen information security management to ensure the confidentiality, integrity, and availability of the information assets, provide an information environment that ensures the continuous operation of the Company's business, and comply with relevant regulations to protect against intentional or accidental threats from internal and external sources.

(2) Objectives:

- A. Establish a safe and reliable information operating environment to ensure the security of the Company's data, systems, equipment and networks, so as to ensure the continuous operation of the Company's business.
- B. Establish the Company's core business continuity operation plan to ensure the continuous operation of the Company's information business services.
- C. Ensure that the implementation of the Company's various operational services must comply with the requirements of the "Cyber Security Management Act" and relevant government laws and regulations.
- D. Protect the security of the Company's business services and to ensure that information is only accessible by authorized personnel to ensure its confidentiality.
- E. Protect the security of the Company's business services from unauthorized modification and to

ensure their correctness and integrity.

- F. Protect the security of the company's business and service-related information from being stolen, altered, damaged, destroyed, lost, leaked, or other infringement due to external threats, or improper management and use by internal personnel.
- G. Enhance the Company's personal data protection and management capabilities, reduce operational risk, and create a reliable environment for personal data protection and privacy.

### 3. The concrete management programs

- (1) Formulate the information security managerial system, and define information security policies, management procedures and guidelines to maintain the Company's competitiveness, and protect the rights and interests of customers.
- (2) Conduct information and communications system inventory and information security risk assessments annually to identify the information security risks that core businesses and core information and communications systems may encounter, analyze the impact of loss of confidentiality, integrity and availability, and implement corresponding information and communications security management or technical control measures.
- (3) Information security protection

In order to prevent various external information security threats, the Company has built various information security protection systems to enhance the security of the entire information environment.

Item	Concrete method in management
Access Control	<p><u>User access control</u></p> <p>Establish operating rules for user accounts and passcode management to manage user access permissions, such as: password length, password complexity, mandatory periodic password changes, and login failure lockout mechanism.</p> <p>Regularly review user accounts and permissions, and deactivate accounts that have not been used for a long time.</p> <p><u>Network access control</u></p> <p>Separate internal network from external connection, and build firewall between a private internal network and the public Internet to prevent hacking.</p> <p>Create a guest Wi-Fi network (also known as the SSID) and set a strong password. The guest Wi-Fi network restricts what guests can do in the network.</p> <p>When access permissions for external customers or vendors is opened, the network function shall be restricted to ensure network security.</p> <p><u>Operating system access control</u></p> <p>Avoid displaying passwords in clear text.</p> <p>Setup inactivity time limit of a logon session, and if the amount of inactive time exceeds the inactivity limit, then the screen saver will run, or system will automatically interrupt login.</p> <p>Set the Limit of login failures, and the time that a user account will be temporarily locked after the login failures count is exceeded.</p> <p><u>Application system access control</u></p> <p>The use and access of application system information is limited to authorized users related to the business, and permission control measures should be strengthened.</p> <p>Provide a centralized location to store source code, and control changes in source code properly.</p> <p><u>Database access control</u></p> <p>Change or disable the database's default user password.</p> <p>Database permissions granted or removed to users should be subject to proper procedures, and there are separated username and password used to login.</p> <p><u>Remote access control</u></p> <p>To control remote work, the remote connections should operate over an encrypted secure channel, such as SSL-VPN, to maintain network and data security.</p> <p>Employees who need to work remotely by accessing the internal networks systems must</p>

Item	Concrete method in management
	<p>obtain approval from responsible unit supervisor, and records on logging are kept for inspection.</p> <p><u>Email security management</u></p> <p>Install antivirus software and establish a spam filtering and anti-blocking system, and ensure that updates are performed in a timely manner.</p> <p>Check email accounts regularly.</p> <p>Conduct email social engineering drills regularly, and review their implementation.</p> <p><u>Information security defense devices</u></p> <p>Build firewall, email filtering mechanisms, or other intrusion detection devices to prevent intrusion in networks, and update regularly.</p> <p>All information and communication systems connected to the network should be updated at any time and have antivirus software installed, as well as conduct regular malware detection.</p> <p>Review cyber security measures and protection status annually.</p>
Physical and environmental security	<p><u>Backups</u></p> <p>Back up the system, database, and various files regularly, and records are kept.</p> <p>Keep more than one backup file, and store in different places and premises.</p> <p><u>Information equipment maintenance</u></p> <p>Designate personnel responsible for repair and upkeep of Information equipment, and keep proper records.</p> <p>The information unit is responsible for completing removal of all electronic data from the media storage devices in eliminated information equipment, or destroying information equipment.</p> <p><u>Use and management of personnel devices</u></p> <p>The Company asks the employees to sign the "Rules for Employee Information Security Management and the Use of Personnel Devices" and "Employee Confidentiality Agreement" to make them aware of relevant usage regulations and confidentiality obligations.</p> <p><u>Environment and equipment security control</u></p> <p>Control the entry /exit of important areas, and place cameras to monitor important exits and entrances, and retain video surveillance records.</p> <p>The various application servers and equipment are all set up and located in the dedicated computer room with the access control adopting entrance guard system. Implement 24-hour video monitoring. Access records are kept for inspection.</p> <p>Fire extinguishers and emergency lighting devices should be placed in the computer room or other important areas.</p> <p>Temperature and humidity control mechanisms, such as independent air conditioners, should be installed inside the computer room, so the computer equipment is well operated under a proper temperature environment.</p> <p><u>Power Management</u></p> <p>Install uninterruptible power supply and voltage stabilization devices to ensure that core information and communication systems and important equipment will not be crashed or interrupted.</p>
Data input and output processing	<p>Data input and output controls are conducted by means of permission control, sequence number control and error message reminder.</p> <p>Establish the error correction procedures to facilitate management.</p>
Operation continuity	<p>Establish a business continuity operation plan for important systems and hold exercises regularly to ensure the continuous operation of the Company's business.</p> <p>Lease two data lines from telecommunications companies, through the bandwidth management equipment, the lines are used as backup for each other to ensure that the network communication is not interrupted.</p> <p>Designate professionals handling matters relating to prevention and crisis management of information system security to prevent cybercrimes and maintain information system security.</p>



- (4) Establish the reporting and response procedures for information security incidents as a basis for employees handling information security incidents to improve processing efficiency, and reduce the potential impact and risk of incident impact. Major information security incidents that meet the "Procedures for the Verification and Public Handling of Major Information of OTC Securities Companies of the Republic of China" shall be handled in accordance with the Procedures for Handling Material Inside Information and Preventing Insider Trading Management.
  - (5) Establish information operation outsourcing security management procedures, including outsourcing selection, information security responsibilities, confidentiality, supervision and management (such as auditing suppliers and partners) and relevant regulations for termination of outsourcing relationships, to ensure that outsourced vendors have comprehensive information security management measures when performing outsourcing operations.
  - (6) Employee Security Training
    - A. The information Security Supervisor, and professional information personnel should receive professional information security training each year.
    - B. To promote the basic awareness of cyber security and emergency response capabilities, new employees are required to complete the onboarding training of Information security. All employees are required to receive information security education courses every year to ensure that they understand their responsibilities and obligations and enhance their information security awareness.
    - C. The Information Department provides the latest information security information or events, as well as matters needing attention via email from time to time to help all employees enhance their information security awareness.
    - D. Provide education and training to personnel who mistakenly open emails or links in the email social engineering drills, and keep relevant records.
  - (7) Report information security implementation status to Board of Directors regularly to ensure the suitability and effectiveness of operations.
4. Investments in resources for cyber security management
- In order to implement the information security policies, the resources invested are as follows:
- (1) Network hardware devices such as firewall, email antivirus, spam filtering, online behavior analysis, switching hub with network management, etc.
  - (2) Software systems such as endpoint protection systems, backup management software, VPN authentication and encryption software, etc.
  - (3) Telecom services such as multiple lines, intrusion prevention services, etc.
  - (4) Invested in manpower such as: daily system status check, daily implementation of backup media offsite, information security courses at least once a year, irregular send cyber security messages to the entire Company by emails, etc.
  - (5) Information security manning: Liu, Fang-Li, the senior manager of IT Department was approved in the 18<sup>th</sup> meeting of the 11<sup>th</sup> term Board of Directors held on March 10, 2023 to serve as the Information Security Supervisor. The Information Security Supervisor, with 2 professional information personnel, are responsible for information security architecture design, information security maintenance and monitoring, information security incident response and investigation, information security policy review and revision. The supervisor has completed the EC-Council Certified Ethical Hacker (CEH Master), Certified Security Analyst (ECSA v4), Licensed Penetration Tester (LPT), Computer Hacking Forensics Investigator (CHFI v8), and Certified Threat Intelligence Analyst (CTIA). The professional information personnel have achieved NSE 4 Network Security Professional.
  - (6) The Company conducted an email social engineering drill on August 20 to 26, 2024 to improve information security awareness among employees. The results of this social engineering drill all reached the standard of less than 20%.
  - (7) The Company held information security education and training with 81 participants on September 10 and 12, 2024.

- (8) The information Security Supervisor, and professional information personnel attended external information security training courses of 111.5 hours in 2024.
- (9) Joined information security situation sharing organization such as the Taiwan Computer Emergency Response Team and Coordination Center (TWCERT/CC) and Taiwan Chief Information Security officer Alliance to obtain information security early warning situation, information security threat and vulnerability information.
- (10) The Information Security Supervisor reported the Company's information security governance and implementation status to the Board of Directors on November 7, 2024.
- (II) List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.: No major information security incidents occurred in the most recent fiscal year and up to the Annual Report publication date.

## VII. Important contracts

The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year are as follows:

Nature of contract	Parties	Beginning and end dates of contract	Major content	Restrictive clauses
Agency contract		Since September 15, 2008.	Distribution of passive components.	The distributor shall not sell identical products that are competitive with Taiyo Yuden 's products
Guarantee contract	Taiwan Taiyo Yuden Co., Ltd. (Taiwan Taiyo Yuden)	Since January 15, 2009.	<ol style="list-style-type: none"> <li>1. In order to fulfill the guarantee deposit requirements in the agency contract that it entered into with the main supplier, Taiwan Taiyo Yuden, the Company and the subsidiary of the Company, Honey Hope Honesty International Trading (Shanghai) Co., Ltd. (Honey Hope Honesty Shanghai) entered into the 'Contract of Transferring Aggregate Claims (Accounts Receivable) as Guarantee' and 'Contract of Transferring Aggregations (Inventories) as Guarantee' with Taiwan Taiyo Yuden to replace the payment of guarantee deposits for purchases.</li> <li>2. In order to safeguard the interests of the Company, the contracts stipulated that limit on the total transfer amount of the aggregate claims (accounts receivable) and aggregations (inventories) from the Company and Honey Hope Honesty Shanghai is the Company's accounts payable to Taiwan Taiyo Yuden.</li> </ol>	-

## Chapter 5 Review and analysis of the Company's financial position and financial performance, and a listing of risks

### I. Financial position

Unit: NT\$ thousands

Item	Fiscal year	2024	2023	Difference	
				Amount	%
Current assets		3,632,124	3,281,491	350,633	10.69
Property, Plant and Equipment		112,867	115,819	(2,952)	(2.55)
Intangible assets		5,594	4,328	1,266	29.25
Other assets		441,663	440,076	1,587	0.36
Total assets		4,192,248	3,841,714	350,534	9.12
Current liabilities		1,312,576	1,142,921	169,655	14.84
Other liabilities		180,875	178,815	2,060	1.15
Long-term liabilities		-	-	-	-
Total liabilities		1,493,451	1,321,736	171,715	12.99
Share capital		799,072	799,072	-	-
Capital surplus		316,897	303,910	12,987	4.27
Retained earnings		1,605,199	1,497,897	107,302	7.16
Other equity		(22,371)	(58,131)	35,760	61.52
Treasury shares		0	(22,770)	22,770	100.00
Total equity		2,698,797	2,519,978	178,819	7.10

- (I) The main reasons for material change reaching 20% and NT\$10 million in the Company's assets, liabilities, or equity during the past 2 fiscal years and the effect thereof are as follows:
1. Increase in other equity: The benefit of exchange differences on translation of foreign financial statements increased due to the depreciation of NT dollar, resulting in an increase in other equity.
  2. Decrease in treasury shares: It was due to transferring treasury shares to employees.
- (II) The measures to be taken for changes with significant effect: None.

### II. Financial performance

Unit: NT\$ thousands

Item	Fiscal year	2024	2023	Difference	
				Amount	(%)
Operating revenue		4,688,007	4,885,670	(197,663)	(4.05)
Operating costs		4,478,313	4,749,917	(271,604)	(5.72)
Gross profit		209,694	135,753	73,941	54.47
Operating expenses		222,420	189,048	33,372	17.65
Operating profit (loss)		(12,726)	(53,295)	40,569	76.12
Non-operating income and expenses		148,055	36,340	111,715	307.42
Profit (loss) before income tax from continuing operations		135,329	(16,955)	152,284	898.17
Income tax expense		13,952	2,105	11,847	562.80
Net income (loss) for the period from continuing operations		121,377	(19,060)	140,437	736.82

- (I) The main reasons for material change reaching 20% and NT\$10 million in operating revenues, operating income, or income before tax during the past 2 fiscal years are as follows:
1. The gross profit increased and operating loss decreased primarily due to low gross margin caused by inventory liquidation seen in 2023.
  2. Net currency exchange gain and net profits on financial assets increased due to the depreciation of NT dollar and the disposal of the financial assets, resulting in an increase in non-operating income and expenses, and a decrease in loss before income tax from continuing operations, as well as net loss for the period from continuing operations.

3. Income tax expenses increased due to the increase in profit before income tax from continuing operations.

(II) The sales volume forecast and the basis therefor, and the effect upon the Company's financial operations as well as measures to be taken in response: Please refer to Letter to Shareholders on pages 1 to 2 of this Annual Report.

### III. Cash flow

(I) Analyze cash flow changes during the most recent fiscal year:

Unit: NT\$ thousands

Cash & Cash Equivalents, Beginning of the Year	Net cash flows from operating activities	Net increase in cash and cash equivalents	Cash Balance, End of Year	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
486,416	( 237,378 )	210,861	697,277	-	-

1. Operating activities: Net cash outflows from operating activities were NT\$ 237,378 thousand dollars due to an increase in cash outflows of net changes made in receivables and payables.

2. Investing activities: Net cash inflows from investing activities were NT\$ 297,297 thousand dollars due to the disposal of financial assets at amortised cost.

3. Financing activities: Net cash inflows from financing activities were NT\$ 116,351 thousand dollars due to an increase in short-term borrowings.

4. Effects of exchange rate changes: Net cash inflows from effects of exchange rate changes were NT\$ 34,591 thousand dollars.

(II) The corrective measures to be taken in response to illiquidity: None.

(III) Liquidity analysis for the coming year:

Unit: NT\$ thousands

Cash & Cash Equivalents, Beginning of the Year	Net cash flows from operating activities	Net increase in cash and cash equivalents	Cash Balance, End of Year	Remedial Measures for Cash Inadequacy	
				Investment Plan	Financial Plan
697,277	( 216,427 )	( 255,410 )	441,867	-	-

IV. The effect upon financial operations of any major capital expenditures during the most recent fiscal year: None.

V. The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year

(I) The Company's reinvestment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability: None.

(II) Investment plans for the coming year: None.

**VI. Risks analyze and assess the during the most recent fiscal year and as they stood on the date of publication of the annual report**

- (I) The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate

Unit: NT\$ thousands

Item	Effect upon the Company's profits (losses)			
	Subject	As of March 31 of the current fiscal year	2024	2023
Interest rate	Interest income	2,033	17,060	15,854
	Interest expense	( 618 )	( 414 )	( 878 )
Exchange rate	Net foreign exchange (loss) gain	4,103	47,448	15,725
Inflation	-	-	-	-

2. Response measures to be taken in the future

- (1) Interest rate

The Company has a sound financial structure. If the Company has funding requirements, the Company will take out a loan from banks and issue corporate bonds to meet for it. In order to reduce the risks of interest rates, especially relating to bank loans, the Company contacts banks on the regular basis, studies the trend of interest rate and negotiates for the best interest rate for the Company. Hence variance of interest rate does not have any significant impact on the Company.

- (2) Exchange rate

Please refer to Item 4 " Operational risk management structure ", Point (4) "The state of the implementation of risk management" on page 43 of this Annual Report.

- (3) Inflation

The Company pays close attention to the general economic, market conditions, and the changes of market price at all times, adopts flexible strategies, actively coordinates the price with manufacturers, and adjusts selling price or inventory levels appropriately to reduce the impact of inflation on the Company.

- (II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.: The Company is not engaged in high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions.

- (III) Research and development work to be carried out in the future, and further expenditures expected for research and development work.: There's no research and development work to be carried out in the future.

- (IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.: The Company continuously pays attention to the important policies adopted and changes in the legal environment at home and abroad, and timely consults with legal and accounting experts to evaluate its impact on the Company and propose contingency measures and plans. As of the date of publication of this Annual Report, the important policies adopted and changes in the legal environment at home and abroad had no significant effect on the Company's financial operations.

- (V) Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.:

The Company is mainly engaged in the sale and purchase of passive components of Taiyo Yuden. Taiyo Yuden is the leading global manufacturer of passive components and can respond to the developments in science and technology as well as industrial change timely. The Company pays attention to the developments in science and technology as well as industrial change, and expands

its new agency product lines proactively to provide customers with more diversified services. As of the date of publication of this Annual Report, the developments in science and technology as well as industrial change had no significant effect on the Company's financial operations.

The Company has taken relevant control measures to implement thoroughly cyber security management. Please refer to Point 4 " Operational risk management structure " on page 43 and Point VI " Cyber security management " on page 66 of this Annual Report.

- (VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response.: Since the date of incorporation, the Company has been having a positive corporate image and complying with relevant laws and regulations. As of the date of publication of this Annual Report, there were no such risks for the Company.
- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.: None.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.: None.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.: Please refer to Item 4 " Operational risk management structure ", Point (4) "The state of the implementation of risk management" on page 43 of this Annual Report.
- (X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.: None.
- (XI) Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.: None.
- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that:  
(1) involve the Company and/or any Company director, any Company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any Company or companies controlled by the Company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report.: None.
- (XIII) Other important risks, and mitigation measures being or to be taken.: None.

**VII. Other important matters: None.**

## Chapter 6 Special items

### I. Information related to the Company's affiliates

#### (I) The consolidated business report of affiliates

For the Company's Consolidated Business Report of Affiliates, please visit the website of the Market Observation Post System (<https://mops.twse.com.tw>> Single Company> Electronic Document Download>Three Statements of Affiliates section) ([https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)), and enter the Company code 8043 and the year of inquiry to access it.

#### (II) The consolidated financial statements of affiliates

The Company's entities that shall be included in preparing the Consolidated Financial Statements for Affiliates and the Parent Subsidiary Consolidated Financial Statements for International Financial Reporting Standards (IFRS) are the same. Moreover, the disclosure information required for the Consolidated Financial Statements for Affiliates has been fully disclosed in the aforementioned Parent Subsidiary Consolidated Financial Statements, and a separate Consolidated Financial Statements for Affiliates will not be prepared. For the Declaration of Consolidated Financial Statements of Affiliated Enterprises, please refer to Attachment 1 on pages 76 of this Annual Report. For the Company's Consolidated Financial Statements, please visit the website of the Market Observation Post System (<https://mops.twse.com.tw>> Single Company> Electronic Document Download> Financial Statements), and enter the Company code 8043 and the year of inquiry to access it.

#### (III) The affiliation report: Not applicable.

### II. Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the Company, participation in the operations of the Company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan.: None.

### III. Other matters that require additional description: None.

### IV. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one.: None.

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2024, pursuant to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises,” the entity that is required to be included in the consolidated financial statements of affiliates, is the same as the entity required to be included in the consolidated financial statements of the parent and subsidiary companies under International Financial Reporting Standard 10. If relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

HONEY HOPE HONESTY ENTERPRISE CO., LTD.

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March 6, 2025