



2024

Annual Report

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I. Report to the Shareholders

(I) Operation Report of the Year 2024

1. Execution Results of the Business Plan:

Unit: New Taiwan Dollar, thousand

Item	Year 2024		Year 2023	
	Amount	%	Amount	%
Operation Revenue	5,774,470	100	6,599,230	100
Operation Costs	(5,092,735)	(88)	(5,458,129)	(83)
Operation Margin	681,735	12	1,141,101	17
Operation Expenses	(795,706)	(14)	(725,510)	(11)
Operation Net Profit	(113,971)	(2)	415,591	6
Non-operating income and expenses	348,399	6	(52,991)	(1)
Net profit before tax	234,428	4	362,600	5
Income Tax Expense	(38,470)	(1)	(37,937)	(1)
Net Income after tax	195,958	3	324,663	4
Net income attributable to stockholders of the parent company	195,060	—	327,211	—
Net income attributable to non-controlling interests	898	—	(2,548)	—

2. Analysis of Profitability:

Item		Year 2024	Year 2023
Return on Assets (%)		1.53	2.10
Return on Equity of Shareholders (%)		2.20	3.64
Ratio to Paid-in Capital (%)	Operation Net Profit	(4.08)	14.87
	Net Income after tax	8.39	12.97
Net Profit Ratio (%)		3.39	4.92
Earnings per share(Not been retrospective adjusted)		0.70	1.17

3. Status of Research and Development:

(1) The development results of Research & Development department are as follows:

- A. Electric vehicle gearbox components.
- B. Hybrid transmission components.
- C. Heavy-duty electric truck reduction gearbox components.
- D. Pump drive components.
- E. Precision mechanical reducer.
- F. Aerospace parts.
- G. Reductive drive gear sets, electronic control, and integration for pedal electric cycle.
- H. Robot joint components.
- I. Gear hobbing machine, gear scraping machine, chamfering machine, gear meshing machine, compressor, various types of automation equipment, and system integration.
- J. Semiconductor-related testing equipment.
- K. Differential assembly.
- L. Planetary gear set of transmission.
- M. Heavy locomotive gearbox and transmission components.
- N. Gearbox parts for large agricultural machinery.

(2) Major topics for future Research and Development

In recent years, the Company has worked hard towards product differentiation and market segmentation, committed to the development of high value-added products, and continued to invest in the design, research and development of green energy vehicle-related components to maintain its competitive advantage in the market and stabilize customers' relationships and their orders. In response to industrial upgrade and business expansion, the Company has successively purchased high-precision machinery and inspection equipment, cultivated R&D and design talents, invested in new product research and development, introduced smart manufacturing technology, and shortened research and development time to meet customer needs.

This year's R&D focus is on continuing the past R&D achievements, developing various vehicle transmission systems, and precision gears and transmission shafts required for electric vehicle gearboxes.

4. Business Plan outline of the Year 2025:

(1) Management Guideline:

A. Improve quality system and strengthen quality management:

Major automobile manufacturers are constantly improving in terms of precision and quality requirements. Therefore, in the Quality system and management, the Company not only reinforces the training of quality control personnel but also prosecutes the management of suppliers, to assure product quality. Reducing the occurrence of internal defect and complaints from the external customers, it shall stabilize existing customers and establish a long-term good relationship with them.

B. Improve technical capabilities to meet customer requirements:

Main customers of the Company have been European and American automobile factories, and first-tier system factories for a long time, especially in the parts of electric vehicles, and the precision requirements have been continuously improved. Therefore, the Company continuously investing in frontline manufacturing and improved the equipment for production and inspection but also reinforced the development training of operators on the assembly lines and of supervisors' capabilities for management to continue the excellence of technical research and development and meet the needs of customers.

C. Actively strive for cooperation opportunities with well-known foreign car manufacturers

The company continues to pursue more long-term cooperation opportunities with foreign automobile component manufacturers, automotive manufacturers, and potential new electric vehicle ventures. The Company seeks strategic alliances and technical cooperation opportunities with automotive manufacturers and emerging electric vehicle ventures through excellent quality and professional R&D technology.

D. Promote Productivity 4.0:

The new Dapumei factory in Chiayi County first promotes the smart manufacturing production model. In addition to purchasing automated machines and advanced inspection equipment, the successful implementation of smart automated production and inspection, which will assure quality, reduce labor costs, and improve production efficiency, furthermore optimizing its competitive edge in the industry and technical transformation.

(2) Production and Marketing policy

A. The Company is strengthening its R&D capabilities and providing customers with

collaborative design services. The Company is implementing IATF16949, promoting smart manufacturing, MES, and BI management reports. At the same time, the Company reinforces mechanisms for rapid response such as Lean Production (TPS, Toyota Production System) and Quality System Basics (QSB). The Company emphasize close communication with customers to enhance customer satisfaction.

- B. Implement corporate social responsibility, demonstrate the spirit of corporate ESG sustainable business operations, continue to follow the ISO 14001 and ISO 45001 environmental safety and health certification systems, improve workplace environmental safety and health, and respond to environmental protection and Net Zero carbon emission initiatives, energy conservation and carbon reduction issues, and strengthen the implementation of ISO 14064 greenhouse gas inventory review, ISO 14067 carbon footprint certification.
- C. Actively pursue opportunities with major global automotive manufacturers in the development of electric vehicles and smart driving technology. With abundant experience and technology, actively develop partnerships with European and American automotive customers. Also, design and develop collaboratively with them to expand the market of reducer components for electric vehicles.
- D. Facing global market competition, the Company continuously optimizes processes, improves quality, and reduces costs to enhance the Company's competitiveness, and then strives existing customers' orders from different regions in the world to expand the global market.

(3) Future development strategy:

- A. With global demand for electric and fuel vehicles exceeding 80 million units annually, the Company continues to actively expand into European, American, and Emerging markets. In response to energy conservation and carbon reduction issues, smart vehicles and electric vehicles will be the focus of future vehicle development. Therefore, the Company must actively strive for major potential electric vehicle customers of related nature for collaborative development and cooperation to create new business opportunities.
- B. Actively strive to cooperate and synchronize research and development with major international automobile manufacturers, transform for producing all-around systematic component assembly, thereby reducing the vicious competition of single-piece parts with simple manufacturing processes, to enhance profitability. It should be helpful for the Company's revenues and profits.
- C. In line with the government's "Our aircrafts manufactured by our own" policy, the Company has passed the AS 9100 aerospace system certification which officially obtained the entry ticket to participate in the aerospace industry. It is hoped that the Company's core technology of automotive precision manufacturing can also be applied to the aerospace technology field, and adds new elements to the Company's product diversification.
- D. The company is committed to diversification and will use its core competitiveness to develop new products for applications in industries other than automobiles.

(4) Impacts by the external competition, the legal environment and the overall economics:

- A. As countries are paying close attention to policies on achieving net-zero carbon emissions

by 2050, greenhouse gas inventories, and issues related to extreme climate change, automobile manufacturers worldwide are actively investing in the green energy vehicle market. They aim to produce green energy vehicles that are not only more affordable but also of higher quality. Hota industrial manufacturing is a professional manufacturer of transmission parts. In addition to providing technical services closer to customer needs, the Company enhances its competitiveness in the global energy-saving vehicle market and contributes to the automotive industry and the Net Zero carbon emission.

- B. post-pandemic era, along with the impact of geopolitical tensions such as the Russia-Ukraine conflict, Middle East crises, and reductions in canal transportation, there have been significant effects on the global economy, raw materials, shipping, and currency inflation. The Company remains vigilant in closely monitoring rapid changes in customer and market dynamics. For the global auto parts, related industries intelligence, and domestic and foreign laws and regulations must be continuously collected to cope with various operational risks in the future.

In the end, I would like to express my sincere gratitude to all shareholders for their long-term support and encouragement. Wish all shareholders healthy and everything as your heart wishes.

Chairman of the Board:
SHENG, KUO-JUNG

President:
CHEN, CHUN-CHIH

Accounting Supervisor
LI, YUAN-JI

II. Corporate Governance Report

(I) Supervisory Information for Director, President, Vice President, Associate Manager, Departments and Branches

1. Director Information (I)

As of April 12, 2025

Role	Nationality or Country of Incorporation	Name	Gender Age	Date Elected/Assumed	Terms	Date First Elected	Shares Held When Elect		Current Number of Shares Held		Current Number of Shares Held by Spouse or Under-age Children		Shares Held under Name of Other Parties		Main Experience (Education Background)	Concurrent Roles in the Company and Other Companies	Other Supervisor, Director or Supervisor having a spousal relationship or 2 nd Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Role	Name	Relationship	
Chairman	Taiwanese (ROC)	Sheng, Kuo-Jung (Note 1)	Male 76-80 years old	2023/6/13	3	1990/6/25	3,824,170	1.37	3,790,282	1.36	37,140	0.01	0	0	Honorary Doctorate, IAU INTERNATIONAL AMERICAN UNIVERSITY (US) MBA, the University of Sydney Honorary Doctorate in Management, Chaoyang University of Technology Chairman, Hota Industrial Mfg. Co., Ltd. Chairman, Kao Fong Machinery Co., Ltd. Chairman, Hwa Fong Rubber Ind. Co., Ltd. Chairman, Inalways Corporation	Honorary Chairman, Kao Fong Machinery Co., Ltd. Chairman, Hwa Fong Rubber Ind. Co., Ltd. Chairman, Mediera Corporation. Senior Advisor to the President, Presidential Office Chairman, Hefu Construction Co., Ltd.	Legal Representative of Kao Fong Machinery	Sheng, Chien-Chih	Daughter	—
Director	Taiwanese (ROC)	Lin, Yen-Huey	Male 66-70 years old	2023/6/13	3	1990/6/25	3,802,174	1.36	3,802,174	1.36	0	0	0	0	Pacific Western University Vice Chairman, Hota Industrial Mfg. Co., Ltd.	Director, World Known MFG (Cayman) Ltd. Chairman, Kao Fong Machinery Co., Ltd.	Director	Lin, Mei-Yu	Brother	—
Director	Taiwanese (ROC)	Lin, Mei-Yu	Female 70-75 years old	2023/6/13	3	1990/6/25	3,266,000	1.17	3,266,000	1.17	0	0	0	0	Junior High School Director, Hota Industrial Mfg. Co., Ltd.	—	Director	Lin, Yen-Huey	Brother	—
Director	Taiwanese (ROC)	Huang, Feng-Yih	Male 66-70 years old	2023/6/13	3	2005/06/27	1,968,000	0.70	1,968,000	0.70	0	0	0	0	Tainan Vocational High School Director, Hota Industrial Mfg. Co., Ltd. Supervisor, Kao Fong Machinery Co., Ltd. Director, Ying-Hui Machine Co., Ltd.	Director, Ying-Hui Machine Co., Ltd. Director, Kao Fong Machinery Co., Ltd.	—	—	—	—
Director	Taiwanese (ROC)	Wang, Hui-O	Female 80-85 years old	2023/6/13	3	2017/6/14	791,272	0.28	791,272	0.28	28,230	0.01	0	0	Junior High School Responsible Person, Ho-Hsin Industrial Corporation Director, Hota Industrial Mfg. Co., Ltd.	—	—	—	—	—
Director	Taiwanese (ROC)	Central Investment	—	2023/6/13	3	2011/5/30	11,985,241	4.29	11,985,241	4.29	0	0	0	0	—	—	—	—	—	—

Role	Nationality or Country of Incorporation	Name	Gender Age	Date Elected/Assumed	Terms	Date First Elected	Shares Held When Elect		Current Number of Shares Held		Current Number of Shares Held by Spouse or Under-age Children		Shares Held under Name of Other Parties		Main Experience (Education Background)	Concurrent Roles in the Company and Other Companies	Other Supervisor, Director or Supervisor having a spousal relationship or 2 nd Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Role	Name	Relationship	
		Representative: Chang, Yu-Jeng	Male 70-75 years old	2023/6/13	—	20110/5/30	69,152	0.03	74,246	0.03	0	0	0	0	Ph.D. Physics, University of Texas at Austin (US) Director, Hota Industrial Mfg. Co., Ltd. Chairman, Central Motor Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Chairman, Chin Fong Machine Industrial Co., Ltd. Director, Calin Technology	Chairman, Chin Fong Machine Industrial Co., Ltd. Chairman, Central Motor Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Director, Calin Technology Supervisor, Hanlin Brothers Investment Co., Ltd.	—	—	—	—
Director	Taiwanese (ROC)	Central Investment	—	2023/6/13	3	2011/5/30	11,985,241	4.29	11,985,241	4.29	0	0	0	0	—	—	—	—	—	—
		Representative: Lin, Yue-Hong	Male 60-65 years old	2023/6/13	—	2020/6/17	324,247	0.12	373,234	0.13	0	0	0	0	Soochow University Vice Chairman, Central Motor Co., Ltd. Director, Chin Fong Machine Industrial Co., Ltd.	Vice Chairman, Central Motor Co., Ltd.	—	—	—	—
Director	Taiwanese (ROC)	Kao Fong Machinery	—	2023/6/13	3	2010/6/29	7,066,239	2.53	7,442,239	2.66	0	0	0	0	—	—	—	—	—	—
		Representative: Sheng, Chien-Chih (Note 1)	Female 46-50 years old	2023/6/13	—	2010/6/29	339,346	0.12	339,346	0.12	63	0	0	0	Master, Drucker Academy (US) Manager, Dong An Investment Co., Ltd. CEO, Hota Industrial Mfg. Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Director, World Known MFG (Cayman) Ltd. Independent Director, Orange Electronic Co., Ltd.	Director, Kao Fong Machinery Co., Ltd. Independent Director, Orange Electronic Co., Ltd. Independent Director, Tan De Tech Co., Ltd. Director, World Known MFG (Cayman) Ltd.	Chairman	Sheng, Kuo-Jung	Father	—
Director	Taiwanese (ROC)	Hao-Qing Investment	—	2023/6/13	3	2017/6/14	86,347	0.03	86,347	0.03	0	0	0	0	—	—	—	—	—	—
		Representative: Sun, Yong-Lu	Male 56-60 years old	2023/6/13	—	2018/6/13	398,726	0.14	398,726	0.14	2,000	0.00	0	0	Master of Management and Development, Feng Chia University Manager of Constructions, Panda Construction Co., Ltd. Manager of Corporate Management, Da-Tun Cable Television Co., Ltd. Supervisor, Dali Farmers' Association, Taichung City	Supervisor, Dali Farmers' Association, Taichung City	—	—	—	—
Independent Director	Taiwanese (ROC)	Chueh, Ming-Fu	Male 71-75 years old	2023/6/13	3	2017/6/14	0	0	0	0	0	0	0	0	Doctor of Laws, National Chengchi University Judge, Taiwan High Court of Justice Judge, Taipei High Court of Justice Presiding Judge, Taipei High Administrative Court Vice Chief, Discipline, Executive Yuan Judge, Supreme Administrative Court	Attorney at Law	—	—	—	—

Role	Nationality or Country of Incorporation	Name	Gender Age	Date Elected/Assumed	Terms	Date First Elected	Shares Held When Elect		Current Number of Shares Held		Current Number of Shares Held by Spouse or Under-age Children		Shares Held under Name of Other Parties		Main Experience (Education Background)	Concurrent Roles in the Company and Other Companies	Other Supervisor, Director or Supervisor having a spousal relationship or 2 nd Degree of Kinship			Remarks
							Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Role	Name	Relationship	
Independent Director	Taiwanese (ROC)	Cheng, Wen-Zheng (Note 2)	Male 71-75 years old	2023/6/13	3	2020/6/10	0	0	0	0	0	0	0	0	Master of Management and Development, Feng Chia University Vice President, E-Sun Bank	Independent Director, SDI CORPORATION	—	—	—	—
Independent Director	Taiwanese (ROC)	Liu, Zheng-Huai	Male 66-70 years old	2023/6/13	3	2020/6/10	0	0	0	0	0	0	0	0	Doctor of Business Administration, National Taipei University Project Professor, National Taichung University of Science and Technology Independent Director, Lotus Pharmaceutical. Co. Optical Co., Inc. Arbitrator, Chinese Arbitration Association, Taipei Adjunct Professor, Department of Industrial Engineering and Engineering Management, National Tsinghua University Drafter and Grader, Ministry of Examination Independent Director, Engley Holding (Samoa) Ltd.	Adjunct Professor, Department of Accounting Information, National Taichung University of Science and Technology Director, Taipei Jingwen High School Independent Director, Engley Holding (Samoa) Ltd. Independent Director, best precision industrial Co., Ltd. Supervisor, Academy of Taiwan Information Systems Research (ATISR) CPA, Hui-Jia CPA Fir,	—	—	—	—
Independent Director	Taiwanese (ROC)	Zhuang, Bo-Nian	Male 66-70 years old	2023/6/13	3	2023/6/13	0	0	0	0	0	0	0	0	Concurrent Researcher and Director of the Industry Technology Group of Science & Technology Advisory Board. Deputy General Director of Industrial Technology Research Institute (ITRI) Center for Measurement. Administrator and Deputy General Director of ITRI Southern Region Campus of Industrial Technology Research Institute (ITRI).	Independent Director of APEX DYNAMICS, INC.	—	—	—	—

Note 1: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship: Chairman, Sheng, Kuo-Jung and CEO, Sheng, Chien-Chih.

The reason for, reasonableness, necessity thereof: The current operation system of the Company is hybrid system which is help for business succession plan and enhance the efficiency of corporate management.

The measures adopted in response thereto: The number of independent director seats has been increased during the 2023 re-election. Currently, more than half of the company's directors do not concurrently serve as employees or managers.

Note 2: Independent director Mr. Cheng, Wen-Zheng resigned on June 15, 2024.

Table 1: Main Shareholders of Corporate Shareholder

As of April 12, 2025

Corporate Shareholder Name (Note 1)	Main Shareholders of Corporate Shareholder (Note	Shareholding Ratio(%)
Central Investment Co., Ltd.	Chang, Gui-Fen	30.77%
	Chang, Yu-Jeng	20.92%
	Lin, Yue-Hong	16.23%
	Lin, Yue-Zheng	13.38%
	Hanlin Brothers Investment Co., Ltd.	9.85%
	Chang, Yue-Yun	3.46%
	Chang, Hui-Lien	2.81%
	Lian, Bao-Hua	1.73%
	Chiang, Shan	0.46%
	Lin, Shi-Hsiang	0.26%
Kao Fong Machinery Co., Ltd.	He-Zuan Investment Co., Ltd.	15.28%
	Chien-Zhan Co., Ltd.	9.69%
	Hao-Qing Investment Ltd.	1.41%
	Jhuang, Fu-Mei	1.32%
	Jhuang, Ai-Wei	0.92%
	Jhuang, Guo-Huei	0.84%
	Huang, Feng-Yih	1.49%
	HOTA Ind. Mfg Co., Ltd.	0.78%
	Hong, Meng-Zhou	0.65%
	Jhuang Ciou,Shu-Huei	0.64%
Hao-Qing Investment Ltd.	Sun, Yung-Cang	30.00%
	Sun, Ming-Yi	23.34%
	Sun, Yu-Ting	23.33%
	Sun, Kuo-Wei	23.33%

Note1: Where the Director or Supervisor is of Corporate Shareholder representative shall be appended with Corporate Shareholder Name.

Note2: Please enter the name of the Main Shareholders of Corporate Shareholder (whose shareholding ratio is top 10 of all shareholders) and his/her shareholding ratio. Table 2 shall be entered in additionally in case its shareholder is a juristic person.

Note3: Where the Corporate Shareholder is not a corporate organization, the shareholder's name and his/her shareholding ratio as required to be disclosed above refers to contributor or donor name and his/her contribution or donation ratio (for further information, please refer to the announcements of the Judicial Yuan), if a donor has died, please further note "deceased."

Table 2: List of Juristic Persons as Main Shareholders

As of April 12, 2025

Corporate Shareholder Name (Note1)	Main Shareholders of Corporate Shareholder (Note2)	Shareholding Ratio(%)
Hanlin Brothers Investment	Zhi Shang Investment Co.,	100.00%
He-Zuan Investment Co., Ltd.	Hota Industrial Mfg. Co., Ltd.	100.00%
Chien-Zhan Co., Ltd.	Chuan-Zheng Co., Ltd.	71.60%
	Shen, Chien-Yu	17.43%
	Sheng, Chien-Chih	10.13%
	Wang, Li- Li	0.84%
Hao-Qing Investment Ltd.	Sun, Yung-Cang	43.00%
	Sun, Yong-Lu	43.00%
	Sun, Qing-Shou	14.00%

Note1: Where a main shareholder as entered in Table 1 is a juristic person, the name of such juristic person shall be entered in.

Note2: Main shareholder's name (whose shareholding ratio is top 10 of all shareholders of the Company), and its shareholding ratio shall be entered.

Note3: Where the Corporate Shareholder is not a corporate organization, the shareholder's name and his/her shareholding ratio as required to be disclosed above refers to contributor or donor name and his/her contribution or donation ratio (for further information, please refer to the announcements of the Judicial Yuan), if a donor has died, please further note "deceased."

2. Director Information (II)

(1) Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and Supervisors and the Independence of Independent Directors:

Condition Name	Professional qualifications and experience (Note1)	Independence situation(Note2)	Number of Public Companies the Director/Supervisor Serves as Independent Director
Chairman: Sheng, Kuo- Jung	MBA, the University of Sydney, Chairman, Hota Industrial Mfg. Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Chairman, Hwa Fong Rubber Ind. Co., Ltd. Chairman, Taiwan Science Park Association of Science and Industry Senior Advisor to the President, Presidential Office Ability: Operation Judgment, Accounting & Finance, Operation Management, Industry Knowledge, Leadership Policy, Crisis Handling Leading the Company growth steady and go sustainability.	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	—
Director: Lin, Yen-Huey	Pacific Western University, Vice Chairman, Hota Industrial Mfg. Co., Ltd., Chairman, Kao Fong Machinery Co., Ltd. Director, World Known MFG (Cayman) Ltd. Ability: Operation Judgment, Accounting & Finance, Operation Management, Industry Knowledge, Leadership Policy, Crisis Handling	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	—
Director: Lin, Mei-Yu	Director, Hota Industrial Mfg. Co., Ltd. (Over 30 years) Ability: Industry Knowledge, Operation Management, Crisis Handling	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	—
Director: Huang, Feng- Yih	Tainan Vocational High School, Director, YingHui Machine Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Ability: Operation Judgment, Operation Management, Accounting & Finance, Industry Knowledge, Leadership Policy, Crisis Handling	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	—
Director: Wang, Hui-O	Director, Hota Industrial Mfg. Co., Ltd. Over 5 years Ability: Industry Knowledge, Operation Management, Crisis Handling	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	—
Director: Central Investment Co., Ltd. Representative: Chang, Yu- Jeng	Ph.D. Physics, University of Texas at Austin (US), Chairman, Central Motor Co. Ltd., Chairman, Chin Fong Machine Industrial Co., Ltd., Director, Kao Fong Machinery Co., Ltd. Director, Calin Technology Ability: Operation Judgment, Operation Management, Accounting & Finance, Industry Knowledge, Leadership Policy, Crisis Handling Professional: Operation Judgment and Industry Knowledge	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	—
Director: Central Investment Co., Ltd. Representative: Lin, Yue-Hong (Note3)	Soochow University Vice Chairman, Central Motor Co., Ltd. Director, Chin Fong Machine Industrial Co., Ltd. Ability: Operation Judgment, Operation Management, Accounting & Finance, Industry Knowledge, Leadership Policy, Crisis Handling Professional: Operation Judgment and Industry Knowledge	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	—
Director: Hao- Qing Investment Ltd. Representative: Sun, Yong-Lu	Master of Management and Development, Feng Chia University Over 5 years Ability: Accounting & Finance, Operation Management, Industry Knowledge, Crisis Handling	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	—
Director: Kao Fong Machinery Co., Ltd. Representative: Sheng, Chien- Chih	Master, Drucker Academy (US) Director, Kao Fong Machinery Co., Ltd. Independent Director, Orange Electronic Co., Ltd. Independent Director, Tan De Tech Co., Ltd. Director, World Known MFG (Cayman) Ltd. Ability: Operation Judgment, Operation Management, Accounting & Finance, Industry Knowledge, Leadership Policy, Crisis Handling Professional: Operation Judgment and Industry Knowledge	No occurrence of events as provided in subparagraphs of Article 30 of the Company Act.	2

Independent Director: Chueh, Ming-Fu	Doctor of Laws, National Chengchi University, Attorney at Law, Ability: Operation Judgment, Operation Management, Accounting & Finance, Industry Knowledge, Leadership Policy, Crisis Handling Professional: Law and Professional Advice for Law	(1) The member is not an employee of the Company or its related enterprise(s). (2) The member is not a director or supervisor to the Company or its related enterprises (however, this does not apply to concurrent roles as independent director taken in the Company and its parent company, subsidiary or subsidiary under the same parent company as furnished in accordance with this Act or local laws and regulations).	—
Independent Director: Liu, Zheng-Huai	Doctor of Business Administration, National Taipei University, Adjunct Professor, Department of Accounting Information, National Taichung University of Science and Technology, Independent Director, Engley Holding (Samoa) Ltd, CPA, Hui-Jia CPA Fir, Ability: Operation Judgment, Operation Management, Accounting & Finance, Industry Knowledge, Leadership Policy, Crisis Handling Professional: Financial planning and Professional Accounting Service	(3) Natural person shareholder as a shareholder holding more than 1% of the Company's outstanding shares or top 10 shareholders of the Company who is not the member him/herself or his/her spouse, underage children or holding under the name of others. (4) The member is not a manager as stated in (1), or spouse, relatives under 2nd degree of kinship or direct blood relatives under 3rd degree of kinship.	2
Independent Director: Zhuang, Bo-Nian	Graduated with a Ph.D. from the Graduate Institute of Department of Industrial Education of National Changhua University of Education, currently serving as an independent director at APEX DYNAMICS, INC. Ability: Operation Judgment, Operation Management, Accounting & Finance, Industry Knowledge, Leadership Policy, Crisis Handling Professional: Operation Judgment and Industry Knowledge	(5) A director, supervisor or employee as a Corporate Shareholder who does not directly hold more than 5% of the Company's outstanding shares, in top 5 shareholding among all shareholders, or is not designated as a representative to the director or supervisor following paragraph 1 or 2, Article 27 of the Company Act (however, this does not apply to concurrent roles as independent director taken in the Company and its parent company, subsidiary or subsidiary under the same parent company as furnished in accordance with this Act or local laws and regulations). (6) A director, supervisor or employee of other companies which does not hold a position as the Company's director or whose majority of shares of voting rights is held by the same person (however, this does not apply to concurrent roles as independent director taken in the Company and its parent company, subsidiary or subsidiary under the same parent company as furnished in accordance with this Act or local laws and regulations). (7) Those who are not the Chairman, President or equivalent roles of the company who are the same person or spouse as the Director, Supervisor or employee of another company or institution (however, this does not apply to concurrent roles as independent director taken in the Company and its parent company, subsidiary or subsidiary under the same parent company as furnished in accordance with this Act or local laws and regulations). (8) Director, supervisor, manager of shareholders holding more than 5% of the outstanding share of the Company without financial or business dealing with the Company (however, this does not apply to specific companies or institutions who holds more than 20% but less than 50% of the Company's outstanding shares, and to concurrent roles as independent director taken in the Company and its parent company, subsidiary or subsidiary under the same parent company as furnished in accordance with this Act or local laws and regulations). (9) Professionals of business, legal, accounting and relevant services, sole proprietorships, partnerships, or business owners, partners, directors, supervisors, managers and their spouses of other companies or institutions who are not professionals who does not conduct audits for the Company or its related companies or whose cumulative amount of remuneration in the most recent two years does not exceed NTD 500,000. However, Salary and Compensation Committee, Public Acquisition Review Committee, or M&A Special Committee that perform their duties in accordance with the Securities and Exchange Act or the relevant laws and regulations of the Mergers and Acquisitions Act Members shall not apply. (10) Does not have spousal relationship or 2nd degree of kinship with other directors. (11) No occurrence of events as provided in subparagraphs of Article 30 of the Company Act. (12) No occurrence of events which the government, juristic person or its representative(s) is elected, as provided in Article 27 of the Company Act.	1

(2)The Board of Directors diversification and Independence:

To strengthen the Corporate Governance and promote the sound development of the composition and structure of the Board of Directors, the "Corporate Governance Code of Practice" formulated by the Company contains a diversification policy of the Board of Directors members. As per policy: the composition of the Board of Directors shall take into consideration the company operation structure, business development orientation, future development trend and other needs, and shall evaluate various diversified aspects e.g. basic conditions and values (such as gender, age, nationality and culture, etc.), professional background (such as law, accounting, industry, finance, marketing or technology, etc.), professional skills and industry experience, etc., who are generally prepared with the knowledge, skills and accomplishments necessary to perform the duties to achieve the ideal goal of Corporate Governance.

The 12th Board of Directors of the Company (re-elected in June 2023) consists of 13 directors, One independent director resigned in 2024, and the board currently consists of 12 directors (9 directors and 4 independent directors). All independent directors have not served more than 3 terms. Director members with the role as an employee account for 23% of all director members and 31% of all directors. Percentage of Female Directors is 23%. There are 4 seats among the directors occupied by a familial relationship within the second degree of kinship, accounting for 31% of the total; The Company also attaches great importance to gender equality in the composition of the Board of Directors. The current Board of Directors includes 3 female members, and the Company will continue to be committed to increasing the proportion of female directors in the future.

Independent directors and their familial relationship within the second degree of kinship, and between independent directors and directors, do not have spouses or familial relationship within the second degree of kinship, in accordance with Article 26-3, paragraph 3, and paragraph 4 of the Securities and Exchange Act. None of the members of the board of directors have situations listed in Article 30 of the Company Act. In addition, most director members have rich experience and expertise in finance, business and management, and can fully assist the company in formulating major policy orientations and responding to market crises. The relevant diversification and implementation conditions are as follows:

Diversity Items Director Name	Basic Component											Professional ability					
	Nationality	Gender	Employee	age					Term of office for independent directors (Years)			Operation Judgment	Accounting & Finance	Operation Management	Industry Knowledge	Leadership Policy	Crisis Handling
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	81-90 years old	Under 3 years	4-6 years	7-9 years						
Sheng, Kuo-Jung	Taiwanese (ROC)	Male	✓	—	—	—	✓	—	—	—	—	✓	✓	✓	✓	✓	✓
Lin, Yen-Huey	Taiwanese (ROC)	Male	✓	—	—	✓	—	—	—	—	—	✓	✓	✓	✓	✓	✓
Huang, Feng-Yih	Taiwanese (ROC)	Male	—	—	—	✓	—	—	—	—	—	✓	✓	✓	✓	✓	✓
Central Investment Co., Ltd. Representative: Chang, Yu-Jeng	Taiwanese (ROC)	Male	—	—	—	—	✓	—	—	—	—	✓	✓	✓	✓	✓	✓
Central Investment Co., Ltd. Representative: Lin, Yue-Hong	Taiwanese (ROC)	Male	—	—	—	✓	—	—	—	—	—	✓	✓	✓	✓	✓	✓
Kao Fong Machinery Co., Ltd. Representative: Sheng, Chien-Chih	Taiwanese (ROC)	Female	✓	✓	—	—	—	—	—	—	—	✓	✓	✓	✓	✓	✓
Hao-Qing Investment Ltd. Representative: Sun, Yong-Lu	Taiwanese (ROC)	Male	—	—	✓	—	—	—	—	—	—	—	✓	✓	✓	—	✓
Wang, Hui-O	Taiwanese (ROC)	Female	—	—	—	—	—	✓	—	—	—	—	✓	✓	✓	—	✓
Lin, Mei-Yu	Taiwanese (ROC)	Female	—	—	—	—	✓	—	—	—	—	—	✓	✓	✓	—	✓
Chueh, Ming-Fu	Taiwanese (ROC)	Male	—	—	—	—	✓	—	—	—	✓	✓	✓	✓	✓	✓	✓
Liu, Zheng-Huai	Taiwanese (ROC)	Male	—	—	—	✓	—	—	—	✓	—	✓	✓	✓	✓	✓	✓
Zhuang, Bo-Nian	Taiwanese (ROC)	Male	—	—	—	✓	—	—	✓	—	—	✓	✓	✓	✓	✓	✓

Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of each director and supervisor. If a member of the Audit Committee, specify their accounting or finance background and P. 4 of 91 work experience. Additionally, specify whether any circumstance under any subparagraph of Article 30 of the Company Act exists with respect to a director or supervisor

Note 2: Describe the status of independence of each independent director, including but not limited to the following: did they or their spouse or any relative within the second degree serve as a director, supervisor, or employee of the Company or any of its affiliates?; specify the number and ratio of shares of the Company held by the independent director and their spouse and relatives within the second degree (or through nominees); do they serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies)?; specify the amount(s) of any pay received by the independent director for any services such as business, legal, financial, or accounting services provided to the Company or any affiliate thereof within the past 2 years.

Note 3: Regarding the method for disclosure, please refer to the "SAMPLE ANNUAL REPORT" page on the website of the Taiwan Stock Exchange Corporate Governance Center.

3. Supervisor Information Incl. President, Vice President, Director, Each Department (Function) and Branches

As of April 12, 2025

Role (Note1)	Nationality	Name	Gender	Date Elected /Assumed	Shares Held		Shares Held by Spouse or Underage Children		Shares Held under Name of Other Parties		Main Experience (Education Background) (Note 2)	Concurrent Roles in Other Companies	Manager with Spousal Relationship or 2 nd Degree of Kinship			Remarks (Note3)
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Role	Name	Relationship	
President	Taiwanese (ROC)	Chen, Chun-Chih	Male	1998/9/1	248,165	0.09	—	—	—	—	Vice President, CENDAI INDUSTRIAL CO., LTD. Department of Industrial Engineering, Feng Chia University	Director, Ho- Zhan Investment Co., Ltd. Director, HOWON POWERTRAIN CO., LTD. Director, Ling- Wei Co., Ltd. Director, Ju-Da Smart Technology Co., Ltd.	—	—	—	—
CEO	Taiwanese (ROC)	Sheng, Chien-Chih	Female	2014/3/1	373,234	0.13	63	—	—	—	Master, Drucker Academy (US) Manager, Dong An Investment Co., Ltd. CEO, Hota Industrial Mfg. Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Director, World Known MFG (Cayman) Ltd. Independent Director of Orange Electronic Co., Ltd.	Director, Kao Fong Machinery Co., Ltd. Independent Director of Orange Electronic Co., Ltd. Director, World Known MFG (Cayman) Ltd.	—	—	—	—
Vice President	Taiwanese (ROC)	Sun, Cheng- Zhi	Male	2017/6/1	11,782	—	—	—	—	—	President, HOWIN PRECISION CO., LTD. College Student Class, ROC Military Academy	Director, Ju-Da Smart Technology Co., Ltd.	—	—	—	—
Vice President Concurrently Serving as Financial Supervisor	Taiwanese (ROC)	Shen, Shui- Hsiang	Male	1997/1/1	1,003,277	0.36	1,073	—	—	—	Planning Section Chief, Wei-Li Textile Co., Ltd. Department of Cooperative Business, Wu-Feng Junior College of Business	Director, Wuxi Hota Precision Gear Co., Ltd. Director, HOWIN PRECISION CO., LTD. Supervisor, Ho- Zuan Investment Co., Ltd.	—	—	—	—
Senior Manager	Taiwanese (ROC)	Chen, Tang- Ping	Male	2012/5/14	909	—	—	—	—	—	Department of Machinery, Yunlin Industrial College	Director, Ju-Da Smart Technology Co., Ltd.	—	—	—	—
Senior Manager r	Taiwanese (ROC)	Chang, Ren- You	Male	2016/1/1	—	—	—	—	—	—	Department of Mechanical Engineering, Nankai Junior Colleges of Technology	—	—	—	—	—
Senior Manager	Taiwanese (ROC)	Liu, Jian-Yi	Male	2017/6/1	—	—	—	—	—	—	Junior Colleges of Technology Automation Designer, Tatung Company Department of Machinery, Lunghwa	—	—	—	—	—

Senior Manager	Taiwanese (ROC)	Wu, Zhao-He	Male	2017/6/1	350	—	—	—	—	—	Department of Economics, Tamkang University Section Chief, JOHN-VALVE MFG. FACTORY CO., LTD Sales Engineer, SYRIS Technology Corp	—	—	—	—	—
Accounting Manager	Taiwanese (ROC)	Li, Yuan-Ji	Male	2024/2/1	8,000	—	6,000	—	—	—	Master's Program of Business Administration of Fengjia University EMBA Financial Manager of Hwa Fong Rubber Ind. Co., Ltd.	Supervisor of Hwa Fong Rubber Ind. Co., Ltd. Director of APLEX TECHNOLOGY INC.	—	—	—	—

Note1: Supervisor data of the President, Vice President, Director, and each department (function) and branch, and roles equivalent to President, Vice President or Director shall be included, and, without regards to the roles, be disclosed.

Note2: In case the individual has taken roles in the CPA firm or related businesses which are related to experiences with the current roles in the above-disclosed period, the role and duties of such office shall be described.

Note3: In case the President or equivalent role (supreme manager) and the Chairman of the Company are taken by the same person or of spousal relationship to each other or of 1st degree of kinship, information for reasons, necessity, and countermeasures (e.g., addition in number of independent directors, and a majority of directors shall not hold concurrent roles as an employee or manager, etc.) shall be specified.

Note4: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship: Chairman, Sheng, Kuo-Jung and CEO, Sheng, Chien-Chih.

The reason for, reasonableness, necessity thereof: The current operation system of the Company is hybrid system which is help for business succession plan and enhance the efficiency of corporate management.

The measures adopted in response thereto: The number of independent director seats has been increased during the 2023 re-election. Currently, more than half of the company's directors do not concurrently serve as employees or managers.

(II) Remuneration Paid to Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Year

1. General Remuneration for Directors and Independent Directors (Name and remuneration method disclosed respectively)

Unit: NTD Thousand

Role	Name	Directors' Remuneration								Sum of A+B+C+D and ratio to net income (Note 10)		Relevant Remuneration Claimed by Concurrent Employees								Sum of A+B+C+D+E+F+G and ratio to net income (Note 10)		Remuneration Claimed from Re-Invested Business of Subsidiary or Parent Company (Note 11)
		Compensation (A) (Note 2)		Pension (B)		Directors' Compensation (C) (Note 3)		Fees for Professional Practice (D) (Note 4)				Salary, Bonus and Special Allowance, etc.(E) (Note5)		Pension(F)		Employees' Compensation(G) (Note6)						
		The Company	All Companies included in Financial Report (Note7)	The Company	All Companies included in Financial Report (Note7)	The Company	All Companies included in Financial Report (Note7)	The Company	All Companies included in Financial Report (Note7)	The Company	All Companies included in Financial Report (Note7)	The Company	All Companies included in Financial Report (Note7)	The Company		All Companies included in Financial Report (Note7)		The Company	All Companies included in Financial Report (Note7)			
														Cash Amount	Stock Amount	Cash Amount	Stock Amount					
Director	Sheng, Kuo-Jung	0	0	0	0	218	218	120	126	338 (0.17)	344 (0.18)	8,549	11,075	441	441	600	—	600	0	9,928 (5.09)	12,460 (6.39)	None
Director	Lin, Yen-Huey	0	0	0	0	218	218	120	126	338 (0.17)	344 (0.18)	7,171	8,860	370	370	500	—	500	0	8,380 (4.30)	10,075 (5.16)	None
Director	Lin, Mei-Yu	0	0	0	0	109	109	120	120	229 (0.12)	229 (0.12)	0	0	0	0	0	0	0	0	229 (0.12)	229 (0.12)	None
Director	Huang, Feng-Yih	0	0	0	0	109	109	120	120	229 (0.12)	229 (0.12)	0	0	0	0	0	0	0	0	229 (0.12)	229 (0.12)	None
Director	Wang, Hui-O	0	0	0	0	109	109	120	120	229 (0.12)	229 (0.12)	0	0	0	0	0	0	0	0	229 (0.12)	229 (0.12)	None
Director	Tsai, Yu-Kung	0	0	0	0	109	109	0	0	109 (0.06)	109 (0.06)	0	0	0	0	0	0	0	0	109 (0.06)	109 (0.06)	None
Director	Hao-Qing Investment	0	0	0	0	0	0	120	120	120 (0.06)	120 (0.06)	0	0	0	0	0	0	0	0	120 (0.06)	120 (0.06)	None
	Representative: Sun, Yong-Lu	0	0	0	0	218	218	0	0	218 (0.11)	218 (0.11)	0	0	0	0	0	0	0	0	218 (0.11)	218 (0.11)	None
Director	Central Investment	0	0	0	0	0	0	120	120	120 (0.06)	120 (0.06)	0	0	0	0	0	0	0	0	120 (0.06)	120 (0.06)	None
	Representative: Chang, Yu-Jeng	0	0	0	0	0	0	120	120	120 (0.06)	120 (0.06)	0	0	0	0	0	0	0	0	120 (0.06)	120 (0.06)	None
	Representative: Lin, Yue-Hong	0	0	0	0	109	109	0	0	109 (0.06)	109 (0.06)	0	0	0	0	0	0	0	0	109 (0.06)	109 (0.06)	None
Director	Kao Fong Machinery	0	0	0	0	0	0	120	120	120 (0.06)	120 (0.06)	4,219	4,219	229	229	300	0	300	0	4,868 (2.50)	4,868 (2.50)	None
	Representative: Sheng, Chien-Chih	480	480	0	0	0	0	60	60	540 (0.28)	540 (0.28)	0	0	0	0	0	0	0	0	540 (0.28)	540 (0.28)	None
Independent Director	Chueh, Ming-Fu	260	260	0	0	0	0	40	40	300 (0.15)	300 (0.15)	0	0	0	0	0	0	0	0	300 (0.15)	300 (0.15)	None
Independent Director	Cheng, Wen-Zheng	480	480	0	0	0	0	60	60	540 (0.28)	540 (0.28)	0	0	0	0	0	0	0	0	540 (0.28)	540 (0.28)	None
Independent Director	Liu, Zheng-Huai	480	480	0	0	0	0	70	70	550 (0.28)	550 (0.28)	0	0	0	0	0	0	0	0	550 (0.28)	550 (0.28)	None
Independent Director	Zhuang, Bo-Nian	0	0	0	0	218	218	120	126	338 (0.17)	344 (0.18)	8,549	11,075	441	441	600	—	600	0	9,928 (5.09)	12,460 (6.39)	None

1. Please elaborate Independent Director remuneration payment policy, system, standard and structure, with relevance of factors concerning duties, risks, time contribution with amount of remuneration paid:

The Company's Independent Director remuneration is payable monthly in accordance with "Regulations Governing Management of Directors' Compensation and Remuneration".

2. Other than the remuneration disclosed in said table, the remuneration received by any of the Company's directors for providing services to any companies included in the financial statement, e.g., as a parent company /any consolidated entities /invested enterprises/an advisor other than employee in the most recent year: No such occurrence in the Company.

Table of Remuneration Tiers

Tiers for Payments of Remuneration to Each Director of the Company	Director Name			
	Total Amount of Remuneration For the First Four Items (A+B+C+D)		Total of Remuneration for the First <u>Seven</u> Items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All Companies included in Financial Report (Note 9) H	The Company (Note 8)	All Companies included in Financial Report (Note9) I
Under NTD 1,000,000	Sheng, Kuo-Jung, Lin, Yen-Huey, Lin, Mei-Yu Wang, Hui-O, Huang, Feng-Yih Central Investment Co., Ltd. (Representative: Chang, Yu-Jeng, Lin, Yue-Hong) Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Hao-Qing Investment Ltd. (Representative: Sun, Yong-Lu) Independent Director-Chueh, Ming-Fu, Cheng, Wen-Zheng, Liu, Zheng-Huai, Huang, Zhuang, Bo-Nian	Sheng, Kuo-Jung, Lin, Yen-Huey, Lin, Mei-Yu Wang, Hui-O, Huang, Feng-Yih Central Investment Co., Ltd. (Representative: Chang, Yu-Jeng, Lin, Yue-Hong) Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Hao-Qing Investment Ltd. (Representative: Sun, Yong-Lu) Independent Director-Chueh, Ming-Fu, Cheng, Wen-Zheng, Liu, Zheng-Huai, Huang, Zhuang, Bo-Nian	Lin, Mei-Yu, Wang, Hui-O Huang, Feng-Yih Central Investment Co., Ltd. (Representative: Chang, Yu-Jeng, Lin, Yue-Hong) Hao-Qing Investment Ltd. (Representative: Sun, Yong-Lu) Independent Director-Chueh, Ming-Fu, Cheng, Wen-Zheng, Liu, Zheng-Huai, Zhuang, Bo-Nian	Lin, Mei-Yu, Wang, Hui-O Huang, Feng-Yih Central Investment Co., Ltd. (Representative: Chang, Yu-Jeng, Lin, Yue-Hong) Hao-Qing Investment Ltd. (Representative: Sun, Yong-Lu) Independent Director-Chueh, Ming-Fu, Cheng, Wen-Zheng, Liu, Zheng-Huai, Zhuang, Bo-Nian
NTD 1,000,000 (incl.) ~ NTD 2,000,000 (under)	—	—	—	—
NTD 2,000,000 (incl.) ~ NTD 3,500,000 (under)	—	—	—	—
NTD 3,500,000 (incl.) ~ NTD 5,000,000(under)	—	—	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih)	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih)
NTD 5,000,000(incl.) ~ NTD 10,000,000(under)	—	—	Sheng, Kuo-Jung, Lin, Yen-Huey	—
NTD 10,000,000 (incl.) ~ NTD 15,000,000 (under)	—	—	—	Sheng, Kuo-Jung, Lin, Yen-Huey
NTD 15,000,000 (incl.) ~ NTD 30,000,000 (under)	—	—	—	—
NTD 30,000,000 (incl.) ~ NTD 50,000,000 (under)	—	—	—	—
NTD 50,000,000 (incl.) ~ NTD 100,000,000 (under)	—	—	—	—
Over NTD 100,000,000	—	—	—	—
Total	13	13	13	13

Note 1: Directors' name shall be entered in separately (Corporate Shareholder Name and representative(s) shall be listed respectively under the Corporate Shareholder), with respective listing as general Director and Independent Director, disclosing various payment amounts in aggregate. In case a director concurrently serves as President or Vice President, the information shall be entered in this Table and the following Table (3-1), or the following Tables (3-2-1) and (3-2-2).

Note 2: Refers to Director's remuneration in the Most Recent Year (incl. Director's salary, duties allowance, service pay, various bonuses, incentives etc.).

Note 3: Refers to entering the amount of Directors' Compensation Amount as distributed by the Board of Directors in the Most Recent Year.

Note 4: Refers to Director's relevant fees for professional practice in the Most Recent Year (incl. travel expense, special allowance, various subsidies, dormitory, car and other provision of physical objects). Where a driver is assigned, please append a note explaining the relevant compensation paid to the driver by the Company, without recognition as remuneration.

Note 5: Refers to claims including salary, duties allowance, service pay, various bonuses, incentives, travel expense, special allowance, various subsidies, dormitory, car and other provision of physical objects by the director with concurrent role as an employee (including concurrent role as President, Vice President, other managers and employee, etc.) in the most recent year. In case of provision of houses, cars or other transportations or exclusive expenses, characteristics and costs, rental based on actual amount or at fair value of the market price, fuel expense and other payments of the provided asset shall be disclosed. Where a driver is assigned, please append a note explaining the relevant compensation paid to the driver by the Company, without recognition as remuneration. In addition, in accordance with salary expense recognized under IFRS 2 "Share-Based Payment", such expense including obtaining of employee stock subscription share certificate, restricted stock awards and participation in cash capital increase for subscription of shares, etc., shall also be recognized as remuneration.

Note 6: Refers to entering amount of Employees' Compensation (incl. stock and cash) as claimed by a concurrent employee (incl. concurrent president, vice president, other manager and employee) in the most recent year, which the amount distributed by the Board of Directors in the most recent year shall be disclosed; where the amount cannot be forecasted, the amount intended to be distributed in the current year shall be calculated in proportion to the actual distribution in the preceding year, with Table 1-3 entered in.

Note 7: Shall disclose the total amount of various remunerations paid to directors by all companies in the consolidated report (incl. the Company)

Note 8: The amounts of various remunerations paid to each director by the Company shall have the name of the director disclosed in the attributed tier.

Note 9: The amounts of various remunerations paid to each director by all companies in the consolidated report (including the Company) shall be disclosed, with names of directors disclosed at attributed tiers.

Note 10: Net Profit After Tax refers to Net Profit After Tax in the Most Recent Year; where IFRS is adopted, Net Profit After Tax refers to Net Profit After Tax as disclosed in the parent-company only or individual financial reports in the most recent year.

Note 11: a. This column shall contain explicit list the amounts of relevant remunerations claimed by president and vice president of the Company from non-subsidary re-invested business or from the Parent Company. (enter "none" if no such remuneration.)

Note 12: b. In case the Company's director has claimed remunerations relevant to non-subsidary re-invested businesses or the Parent Company, the remuneration relevant to non-subsidary re-invested businesses or the Parent Company claimed by the Director of the Company shall be merged into column I of the Remuneration Tier table, with the column name changed to "Parent Company and All Re-Invested Businesses".

Note 13: c. Remuneration refers to the compensation concerning pay, compensation (incl. employee, director and supervisor compensation) and fees for professional practice claimed by the Company's President and Vice President while serving as director, supervisor or manager of the non-subsidary re-invested businesses or Parent Company.

Note 14: Independent Director: Mr. Cheng, Wen-Zheng and Mr. Liu, Zheng-Huai assumed office on June 10, 2020.

Note 15: Independent Director: Mr. Huang, Hsien-Chou and Mr. Liao, Shu-Zhong left office on June 10, 2020.

*Remuneration details as disclosed in this table contains a different concept as the Income Tax Act and is therefore intended for information disclosure only and does not serve as taxation use.

2. Supervisors' remuneration: not applicable.

3. President and Vice Presidents' remuneration (Name and remuneration disclosed respectively)

Unit: NTD Thousand

Role	Name	Salary (A) (Note2)		Pension (B)		Bonus and Special Allowance, etc. (C) (Note 3)		Amount of Employees' Compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (Note8)		Remuneration Claimed from Re-Invested Business of Subsidiary or Parent Company (Note9)
		The Company	All Companies included in Financial Report (Note5)	The Company	All Companies included in Financial Report (Note5)	The Company	All Companies included in Financial Report (Note 5)	The Company		All Companies included in Financial Report (Note 5)		the Company	All Companies included in Financial Report (Note6)	
								Cash Amount	Stock Amount	cash Amount	Stock Amount			
President	Chen, Chun-Chih	3,576	3,576	314	314	2,700	2,700	450	0	450	0	7,040 (3.61)	7,040 (3.61)	None
CEO	Sheng, Chien-Chih	2,719	2,719	229	229	1,500	1,500	300	0	300	0	4,748 (2.43)	4,748 (2.43)	None
Vice President	Shen, Shui-Hsiang	1,870	1,870	124	124	450	450	200	0	200	0	2,644 (1.36)	2,644 (1.36)	None
Vice President	Sun, Cheng-Zhi	1,777	1,777	119	119	350	350	200	0	200	0	2,446 (1.25)	2,446 (1.25)	None

* Regardless of the role, where an individual serves as a role equivalent to President, Vice President (e.g. President, CEO, Director, etc.) shall be disclosed.

Remuneration Tiers

Remuneration Tiers for Payments to Each President and Vice President of the Company	President and Vice President Name	
	The Company (Note 6)	All Companies included in Financial Report (Note 7) E
Under NTD 1,000,000	—	—
NTD 1,000,000(incl.) ~ NTD 2,000,000(under)	—	—
NTD 2,000,000(incl.) ~ NTD 3,500,000(under)	Shen, Shui-Hsiang, Sun, Cheng-Zhi	Shen, Shui-Hsiang, Sun, Cheng-Zhi
NTD 3,500,000(incl.) ~ NTD 5,000,000(under)	Sheng, Chien-Chih	Sheng, Chien-Chih
NTD 5,000,000(incl.) ~ NTD 10,000,000(under)	Chen, Chun-Chih	Chen, Chun-Chih
NTD 10,000,000(incl.) ~ NTD 15,000,000(under)	—	—
NTD 15,000,000(incl.) ~ NTD 30,000,000(under)	—	—
NTD 30,000,000(incl.) ~ NTD 50,000,000(under)	—	—
NTD 50,000,000(incl.) ~ NTD 100,000,000(under)	—	—
Over NTD 100,000,000	—	—
Total	4	4

Note 1: Name of each president and vice president shall be entered in separately, disclosing various payment amounts in aggregate. In case a director concurrently serves as President or Vice President, the information shall be entered in this Table and the above Table (1-1), or Tables (1-2-1) and (1-2-2)

Note 2: Refers to entering in President and Vice President's salary, duties allowance, service pay, etc. in the most recent year.

Note 3: Refers to claims including salary, duties allowance, service pay, various bonuses, incentives, travel expense, special allowance, various subsidies, dormitory, car and other provision of physical objects by the director with concurrent role as an employee (including concurrent role as President, Vice President, other managers and employee, etc.) in the most recent year. In case of provision of houses, cars or other transportations or exclusive expenses, characteristics and costs, rental based on actual amount or at fair value of the market price, fuel expense and other payments of the provided asset shall be disclosed. Where a driver is assigned, please append a note explaining the relevant compensation paid to the driver by the Company, without recognition as remuneration. In addition, in accordance with salary expense recognized under IFRS 2 "Share-Based Payment", such expense including obtaining of employee stock subscription share certificate, restricted stock awards and participation in cash capital increase for subscription of shares, etc., shall also be recognized as remuneration.

Note 4: Refers to entering amount of Employees' Compensation (incl. stock and cash) distributed to President and Vice President by the Board of Directors in the most recent year; where the amount cannot be forecasted, the amount intended to be distributed in the current year shall be calculated in proportion to the actual distribution in the preceding year, with Table 1-3 entered in. Net Profit After Tax refers to Net Profit After Tax in the Most Recent Year; where IFRS is adopted, Net Profit After Tax refers to Net Profit After Tax as disclosed in the parent-company only or individual financial reports in the most recent year.

Note 5: The amounts of various remunerations paid to each president and vice president by all companies in the consolidated report (including the Company) shall be disclosed.

Note 6: The amounts of various remunerations paid to each president and vice president by the Company shall have the names of the presidents and vice presidents disclosed in the attributed tier.

Note 7: The amounts of various remunerations paid to each president and vice president by all companies in the consolidated report (incl. the Company) shall be disclosed, with the names of the presidents and vice presidents disclosed in the attributed tiers.

Note 8: Net Profit After Tax refers to Net Profit After Tax in the Most Recent Year; where IFRS is adopted, Net Profit After Tax refers to Net Profit After Tax as disclosed in the parent-company only or individual financial reports in the most recent year.

Note 9: a. This column shall contain explicit list the amounts of relevant remunerations claimed by president and vice president of the Company from non-subsidiary re-invested business or from the Parent Company. (enter "none" if no such remuneration.)

b. In case the Company's director has claimed remunerations relevant to non-subsidiary re-invested businesses or the Parent Company, the remuneration relevant to non-subsidiary re-invested businesses or the Parent Company claimed by the Director of the Company shall be merged into column E of the Remuneration Tier table, with the column name changed to "Parent Company and All Re-Invested Businesses".

c. Remuneration refers to the compensation concerning pay, compensation (incl. employee, director and supervisor compensation) and fees for professional practice claimed by the Company's President and Vice President while serving as director, supervisor or manager of the non-subsidiary re-invested businesses or Parent Company.

* Remuneration details as disclosed in this table contains a different concept as the Income Tax Act and is therefore intended for information disclosure only and does not serve as taxation use.

4. Compensation of the top five highest paid executives of listed or OTC companies (Name and remuneration disclosed respectively)

Unit: NTD Thousand

Role	Name	Salary (A) (Note2)		Pension (B)		Bonus and Special Allowance, etc. (C) (Note 3)		Amount of Employees' Compensation (D) (Note 4)				Sum of A+B+C+D and ratio to net income (Note8)		Remuneration Claimed from Re-Invested Business of Subsidiary or Parent Company (Note9)
		The Company	All Companies included in Financial Report (Note5)	The Company	All Companies included in Financial Report (Note5)	The Company	All Companies included in Financial Report (Note 5)	The Company		All Companies included in Financial Report (Note 5)		the Company	All Companies included in Financial Report (Note6)	
								Cash Amount	Stock Amount	cash Amount	Stock Amount			
President	Chen, Chun-Chih	3,576	3,576	314	314	2,700	2,700	450	0	450	0	7,040 (3.61)	7,040 (3.61)	None
CEO	Sheng, Chien-Chih	2,719	2,719	229	229	1,500	1,500	300	0	300	0	4,748 (2.43)	4,748 (2.43)	None
Vice President	Shen, Shui-Hsiang	1,870	1,870	124	124	450	450	200	0	200	0	2,644 (1.36)	2,644 (1.36)	None
Vice President	Sun, Cheng-Zhi	1,777	1,777	119	119	350	350	200	0	200	0	2,446 (1.25)	2,446 (1.25)	None
Senior Manager	Chang, Ren-You	1,280	1,280	86	86	240	240	160	0	160	0	1,766 (0.91)	1,766 (0.91)	None

Note 1: "Management personnel" in the "Five Highest Remunerated Management Personnel" means managerial officers of the Company. "Managerial officers" means those falling within the applicable scope defined in 27 March 2003 Order No. (80)-Taiwan-Finance-Securities-III-0920001301 of the former Securities and Futures Commission, Ministry of Finance. The "five highest remunerated" is calculated as those ranked in the top five in remuneration based on the sum total of the amounts of salary, retirement pay and pension, rewards and special disbursements, and employee profit-sharing compensation (i.e., the sum of items A+B+C+D) received by each of the Company's managerial officers from all companies in the consolidated financial reports. If any concurrently serving director(s) is among those top, fill out this table and also Table (1-1) above.

Note 2: This refers to the salary, duty allowances, and severance pay of each of the five highest remunerated management personnel in the most recent fiscal year.

Note 3: This refers to the amount of all rewards, incentives, travel expenses, special disbursements, stipends of any kind, and provision of facilities such as accommodations or vehicles, and other remuneration of the five highest remunerated management personnel in the most recent fiscal year. If housing, car or other form of transportation, or personalized expenses are provided, disclose the nature and cost of the property provided, the actual or fair market rent, fuel expenses, and any other amounts paid. Additionally, if a driver is provided, please add a note explaining the relevant base compensation paid by the Company to the driver, but do not include it in the calculation of the director remuneration. Additionally, salary expenses recognized as share-based payment under IFRS 2 - including employee share subscription warrants, new restricted employee shares, and participation in share subscription under a rights offering, etc. - should be included in the calculation of remuneration.

Note 4: This refers to employee profit-sharing compensation (including stocks and cash) received by the five highest remunerated management personnel in the most recent fiscal year. If the amount cannot be forecasted, disclose the amount expected to be distributed by calculating pro-rata to the amount that was actually distributed in the preceding fiscal year. Table 1-3 should also be completed.

Note 5: Disclose the total amount of remuneration in each category paid to the five highest remunerated management personnel by all companies in the consolidated financial report (including the Company).

Note 6: Net income means the net income after tax on the parent company only or individual financial report for the most recent fiscal year.

Note 7: a. In this column, specifically disclose the amount of remuneration received by the five highest remunerated management personnel of the Company from investee enterprises other than subsidiaries or from the parent company (if none, state "None").

b. Remuneration means remuneration received by the five highest remunerated management personnel of the Company for serving in capacities such as director, supervisor, or managerial officer at investee companies other than subsidiaries or at the parent company, including base compensation, profit-sharing compensation (including employee, director, and supervisor profit-sharing compensation) and expenses and perquisites.

* Remuneration details as disclosed in this table contains a different concept as the Income Tax Act and is therefore intended for information disclosure only and does not serve as taxation use.

5. Analysis on proportion of the total remuneration paid to the Company's director, supervisor, president and vice president by the Company and all companies in the consolidated financial statements in the most recent two years to net profit after tax, and explanations on the remuneration payment policy, standard and combination, and the relevance of Procedure for Determining Remunerations and business performance.

- (1) Analysis on proportion of the total remuneration paid to the Company's director, supervisor, president and vice president by the Company and all companies in the consolidated financial statements in the most recent two years to net profit after tax

Tear	Total Amount of Director, President and Vice President Remuneration (NTD Thousand)		Proportion of Total to Net Profit After Tax (%)	
	The Company	All Companies in the Consolidated Report	The Company	All Companies in the Consolidated Report
2024	38,825	43,053	19.90	22.07
2023	40,585	45,003	12.40	13.75

- (2) The Company's remuneration payment policy, standard and combination, and the relevance of procedure for determining remunerations to business performance and future risks

A. Remuneration payment policy, standard and combination

The Company conducts payments of Director remuneration in accordance with "Articles of Incorporation" and "Regulations Governing Management of Directors' Compensation and Remuneration", which can be divided into three categories: Directors' Remuneration, Fees for Professional Practice and Directors' Compensation; the President and vice president's remuneration paid by the Company can be divided into three categories: salary, bonus and Employees' Compensation, approved by the Chairman under authorization by the Board of Directors in accordance with the relevant salary audit regulations of the Company.

B. Procedure for Determining Remunerations

As per provision in the Articles of Incorporation of the Company, if there is a profit, no less than 5% shall be set aside as Employees' Compensation, which the Board of Directors shall decide to distribute it by stock or cash to subjects including the employees of the controlling or subordinate company meeting certain specific conditions, with "certain specific conditions" set by the Board of Directors.

The Company may, based on the amount of the said profit, have the Board of Directors adopt a distribution of no more than 5% as Directors' Compensation.

The distribution of Employees' Compensation and Directors' Compensation shall be reported to the shareholders meeting.

C. Relevance to Management Performance and Future Risks

The performance appraisal and salary and remuneration for the Company's Director and managers are, in addition to reference to the general levels of peers, taking into consideration the operation results and their contribution to the Company's performance, with comprehensive consideration of the amount of salary and remuneration, payment methods and the Company's future risks, etc. which are highly relevant to the Company's operating responsibilities and overall performance.

Name of Managers Conducting Distribution of Employees' Compensation and Distribution Status

	Role(Note1)	Name(Note1)	Stock Amount	Cash Amount	Total	Proportion of Total to Net Profit After Tax (%)
Managers	Chairman	Sheng, Kuo-Jung	0	3,550	3,550	1.8200
	Vice Chairman	Lin, Yen-Huey				
	President	Chen, Chun-Chih				
	CEO	Sheng, Chien-Chih				
	Vice President	Shen, Shui-Hsiang				
	Vice President	Sun, Cheng-Zhi				

	Senior Manager	Chen, Tang-Ping				
	Senior Manager	Chang, Ren-You				
	Senior Manager	Liu, Jian-Yi				
	Senior Manager	Wu, Zhao-He				
	Manager	Chen, Jun-An				
	Manager	Chen, Li-Ting				
	Manager	Liu, Hong-Ji				
	Manager	Xu, Jin-Xiang				
	Manager	Chen, Yue-Huang				
	Manager	Cai, Yao-Yi				
	Manager	Chen, Jia-Xin				
	Manager	Hsu, Lung-Cheng				
	Accounting Department Supervisor	Chen, Chang-Yuan				

(III) Corporate Governance Operation Status

1. Board of Directors Operation Status:

In 2024, a total of 6 Board of Directors meetings were convened, with attendance by Directors as follows:

Role	Name (Note 1)	Number of Actual Presence (Attendance) B	Number of Delegated Presence	Actual Presence (Attendance) Rate (%) [B/A] (Note 2)	Remarks
Chairman	Sheng, Kuo-Jung	6	0	100%	Re-elected
Director	Lin, Yen-Huey	6	0	100%	Re-elected
Director	Lin, Mei-Yu	6	0	100%	Re-elected
Director	Huang, Feng-Yih	4	2	67%	Re-elected
Director	Kao Fong Machinery Co., Ltd. Representative: Sheng, Chien-Chih	5	1	83%	Re-elected
Director	Central Investment Co., Ltd. Representative: Chang, Yu-Jeng	4	2	67%	Re-elected
Director	Central Investment Co., Ltd. Representative: Lin, Yue-Hong	4	2	67%	Re-elected
Director	Hao-Qing Investment Ltd. Representative: Sun, Yong-Lu	6	0	100%	Re-elected
Director	Wang, Hui-O	1	5	17%	Re-elected
Independent Director	Chueh, Ming-Fu	5	1	83%	Re-elected
Independent Director	Cheng, Wen-Zheng	3	0	100%	Re-elected (Note 3)
Independent Director	Liu, Zheng-Huai	5	1	83%	Re-elected
Independent Director	Zhuang, Bo-Nian	6	0	100%	New

Note 1: Where a director or Supervisor is of juristic person, the corporate shareholder's name and its representative(s) name(s) shall be disclosed.

Note 2: (1) Where there is a director or supervisor resigning prior to the end of a year, the date of resignation shall be noted in the Remarks column; Actual Presence (Attendance) rate (%) is calculated using the number of Board of Directors meetings held during his/her term and number of his/her Actual Presence (Attendance).

(2) Where any supervisor is reelected before the end of the year, the new or former supervisors shall be listed, and the Remark column shall indicate whether an independent director is "former", "new" or "re-elected", and the date of election. Actual presence rate (%) shall be calculated by the number of board meetings convened and times of actual attendance (or of attendance as a non-voting participant) during the term of service.

Note 3: Independent director Mr. Cheng, Wen-Zheng resigned on June 15, 2024.

Other Matters Deserving Special Mentions:

- (1) Where there is any of the following situations throughout the operation of Board of Directors, the date, period, content of proposal, opinions by all independent director and the Company's handling of independent director opinions should be stated:
 - A. Matters as provided in Article 14-3 of the Securities and Exchange Act:
Please refer to material resolutions of the board of directors on pages 44 to 46.
 - B. Other Board of Directors resolutions that have been opposed or qualified by the Independent Director and have records or written statements, in addition to the above-mentioned affairs:
None.
- (2) The director's implementation of the proposal with respect to interest should state the Director Name, Content of Proposal, the reason for the avoidance of interest and the status of participation in voting: None.
- (3) A Public/Listed Company shall disclose information such as Appraisal Interval and Period, Scope of Appraisal, Method and Appraisal Contents, etc. of the Board of Directors' self (or peer) Appraisal and fill in Implementation Status on Appraisal of Board of Directors.
The Company completed self-assessments of Board performance in 2024 and reported the results to the Board of Directors at its first quarter meeting in 2025 for review and improvement. The weighted average score for the overall performance of the Board of Directors is 4.93 out of 5. The weighted average score for the performance of the individual directors is 4.93 out of 5. As demonstrated, the overall board's operation has been effective. Audit Committee Performance Self-Appraisal Result is 4.95/ 5, Salary and Compensation Committee Performance Self-Appraisal Result is 5/ 5, all members were satisfied with the measurement items.

Implementation Status on Appraisal of Board of Directors

Appraisal Interval (Note 1)	Appraisal Period (Note 2)	Scope of Appraisal (Note 3)	Appraisal Method (Note 4)	Appraisal Contents (Note 5)	Evaluation Result
Conducted once every year	2024/01/01-2024/12/31	All Board of Directors	Board of Directors Internal Self Appraisal	A. Level of Involvement to the Company's Operations B. Facilitating Decision-Making Quality by the Board of Directors C. Composition and Structure of the Board of Directors D. Elections and Continued Training of Director E. Internal Control	Evaluation Result:4.93
Conducted once every year	2024/01/01-2024/12/31	Each Director member	Self-Appraisals by Directors	A. Holding of Company Goals and Missions B. Recognition of Directors' Duties C. Level of Involvement to the Company's Operations D. Internal Relationship Management and Communications E. Directors' Professional and Continuing Training F. Internal Control	Evaluation Result:4.93
Conducted once every year	2024/01/01-2024/12/31	Functional committee	Self-Appraisals by Audit Committee Directors	A. Level of Involvement to the Company's Operations B. Recognition of Directors' Duties C. Decision-Making Quality by the functional committee D. functional committee composition and member selection E. Internal Control	Evaluation Result:4.95
Conducted once every year	2024/01/01-2024/12/31	Functional committee	Self-Appraisals by Salary and Compensation Committee Directors	A. Level of Involvement to the Company's Operations B. Recognition of Directors' Duties C. Decision-Making Quality by the functional committee D. functional committee composition and member selection	Evaluation Result:5

Note 1: Only list the implementation interval for appraisals by the Board of Directors.

Note 2: Only list the period covered by Board of Directors appraisals

Note 3: Scope of Appraisal include Board of Directors, each Director member and performance appraisal by functional committee.

Note 4: The appraisal methods include Board of Directors Internal Self Appraisal, Director member self-appraisal, peer appraisal and performance appraisal by entrusted external professional institution, experts or other methods as Fair.

Note 5: Appraisal Contents shall at least, based on scope of appraisal, include the following items:

- (1) Board of Directors performance appraisal: shall at least include Level of Involvement to the Company's Operations, Decision-Making Quality by the Board of Directors, Composition and Structure of the Board of Directors, Elections and Continued Training of Director, Internal Control, etc.
- (2) Each Director member performance appraisal: shall at least include Holding of Company Goals and Missions, Recognition of Directors' Duties, Level of Involvement to the Company's Operations, Internal Relationship Management and Communications, Directors' Professional and Continuing Training, Internal Control, etc.

- (3) functional committee performance appraisal: Level of Involvement to the Company's Operations, Recognition of Directors' Duties, Decision-Making Quality by the functional committee, functional committee composition and member selection, Internal Control, etc.
- (4) Goals and implementation assessment for strengthening of the Board of Directors function in the current year and in the most recent year:
- Operations for strengthening Board of Directors Functions: the Company's Board of Directors are handled in accordance with "Rules of Procedure for the Board of Directors Meetings", with Directors' attendance at Board of Directors meetings entered in MOPS; in addition, to fulfill the spirit of Corporate Governance and effectively enhance information transparency, we fully disclose various management and financial messages to the Company website. Besides, we encourage our directors to participate in various training courses to strengthen Board of Directors functions.
 - Enhancement in information transparency, etc.: the Company's financial reports are audited and attested regularly by PricewaterhouseCoopers Taiwan under commission, which the various information disclosures as required by laws and regulations can be completed correctly in a timely manner. In addition, dedicated personnel have been designated to take responsibility of company information collection and disclosure tasks, while establishing a spokesman system, to ensure various material information can be disclosed in a timely and Fair manner.

2. Audit Committee Operation Status:

The Company has established its Audit Committee to replace supervisors in accordance with the Securities and Exchange Act on June 14, 2017. To fulfill the spirit of Corporate Governance, the Committee operates in accordance with the "Audit Committee Organizational Rules" and supervises the fair presentation of the Company's financial statements, selection and independence and performance of CPAs, the effective implementation of internal control, compliance with relevant laws and regulations and the control of the Company's existing or potential risks.

- (1) In 2024, a total of 6 Audit Committee meetings were held, with attendance by independent directors as follows:

Role	Name	Actual Number of Attendance (B)	Number of Delegated Presence	Actual Attendance Rate (%) (B/A) (Note 1、Note 2)	Remarks
Independent Director	Chueh, Ming-Fu	5	1	83%	Re-elected
Independent Director	Cheng, Wen-Zheng	3	0	100%	Re-elected (Note 3)
Independent Director	Liu, Zheng-Huai	5	1	83%	Re-elected
Independent Director	Zhuang, Bo-Nian	6	0	100%	New

Note 1: Where there is an independent director resigning prior to the end of a year, the date of resignation shall be noted in the Remarks column; Actual Presence (Attendance) rate (%) is calculated using the number of Board of Directors meetings held during his/her term and number of his/her Actual Presence (Attendance).

Note 2: If an independent director is elected before the end of the year, incoming and outgoing independent directors shall be listed accordingly, and the Remark column shall indicate whether the status of an independent director is "outgoing", "incoming" or "re-elected", and the date of election. Actual presence rate (%) shall be calculated by the number of Audit Committee meetings convened and times of actual presence during the term of service.

Note 3: Independent director Mr. Cheng, Wen-Zheng resigned on June 15, 2024.

- (2) Main Matters for Audit Committee Review:

- Fair Presentation of the Company's Financial Reports.
- Selection (Dismissal) and Independence and Performance of the CPA.
- Effective Enforcement of the Company's Internal Control.
- The Company's Compliance with Relevant Laws and Regulations and Rules.
- Control Mechanism to the Existing or Potential Risk of the Company.

Matters Worth Special Mentions:

(1) Annual Operation Status:

A. Matters as Stated in Article 14-5 of the Securities and Exchange Act:

Board of Directors Date	Contents of Proposals	Opinions by All Independent Directors	Handling of the Independent Directors' Opinions by the Company
2024/03/14	<ol style="list-style-type: none"> To Review 2023 Business Report, Parent-Company Only Financial Report and Consolidated Financial Report. To Present 2023 Internal Control System Statement. Proposal for evaluation of the independence and suitability of the Company's Certified Public Accountants Amendment of certain clauses of the "Articles of association" New appointment of Accounting Manager The Company intends to issue the "Fourth Domestic Unsecured Convertible Corporate Bond" 	Agree	Passed as Proposed
2024/05/09	<ol style="list-style-type: none"> Change of Certified Public Accountant. To review the Consolidated Financial Report of Q1 2024. The change to the Chief internal auditor of the Company. To make loan of funds to the Company's supplier YUNG-CHIN DEVELOP FORGING CO., LTD. Finalization of "Procedures for Sustainability Report Compilation and Assurance" The Company intends to apply for the amendment of the fourth domestic unsecured convertible corporate bond issuance. 	Agree	Passed as Proposed
2024/08/08	<ol style="list-style-type: none"> To review the Consolidated Financial Report of Q2 2024. Renewal for offering endorsement and guarantee to the Company's sub-subsidiary HOWON POWERTRAIN CO., LTD. The Company's proposed loan to sub-subsidiary HOWON POWERTRAIN CO., LTD. The Company provide the property to Hefu Construction Co., Ltd. for apply loan extension from financial institution Motion of the amendments to the Company's "Details of Internal Audit Implementation" 	Agree	Passed as Proposed
2024/11/07	<ol style="list-style-type: none"> To review the Consolidated Financial Report of Q3 2024. To make loan of funds to the Company's supplier Jian-Li Enterprise Co., Ltd. Application for provide a US dollar fixed deposit guarantee to the Company's sub-subsidiary HOWON POWERTRAIN CO., LTD. The Company intends to invest in the establishment of a semiconductor packaging and testing equipment factory. 	Agree	Passed as Proposed

B. Matters as stated in Article 14-4 of the Securities and Exchange Act and other matters not approved by the Audit Committee but adopted by resolution by two-third of all directors: None.

(2) Implementation Status of Recusal of Proposals with Interests by Independent Director: None.

(3) Communications of Independent Director with internal audit supervisor and accountants:

- The audit supervisor regularly reports on the audit business in each Audit Committee, and implementation status and effects of audit affairs have been fully communicated.
- The accountant reports on the examination or audit results of the Company's financial statements in the Audit Committee meetings held every quarterly.

3. Corporate Governance Operation Status and its Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity

Appraisal Items	Operation Status (Note1)			Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity
	Yes	No	Summary Descriptions	
1. Has the Company formulated and disclosed the Corporate Governance Code of Practice in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has referred to "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" for stipulation of "Code of Corporate Governance Practices" for the Company, with public announcement made on MOPS and disclosure on the Company website.	No material disparity.
2. Shareholding structure and shareholders' equity of the Company				
(1) Has the Company formulated internal operational procedures to handle shareholder suggestions, doubts, disputes and litigation matters, and implement them in accordance with the procedures?	✓		(1) The Company has a Spokesperson system in the "Operational Procedure for Internal Material Information Handling", with Spokesperson and Acting Spokesperson furnished for proper handling of investor suggestions or disputes and other related issues.	(1) No material disparity.
(2) Has the Company had a list of main shareholders with de facto control over the Company and the ultimate controller of main shareholders?	✓		(2) The Company has stock affairs undertaking staff responsible for handling related affairs, in addition, through stock affairs agencies and regular insider's equity changes declarations, the list of major shareholders is under control in an effective manner.	(2) No material disparity.
(3) Has the Company established and implemented risk control and firewall mechanisms between the Company and its related companies?	✓		(3) The Company has a clear division of management duties with its related companies and has promulgated "Regulations Governing Dealings with Related Parties" and "Operational Regulations for Monitoring on Subsidiaries" to fulfill the risk control mechanism over subsidiaries.	(3) No material disparity.
(4) Has the Company set internal regulations to prohibit insiders from exploiting undisclosed information on the market to trade securities?	✓		(4) The Company has the "Code of Ethical Conduct," "Operating Procedures and Conduct Guidelines for Ethical Corporate Management," and "Internal Material Information Handling and Insider Trading Prevention Management Procedures," under which insiders are not allowed to engage in insider trading with unpublished information of which they are aware, nor are they allowed to leak undisclosed information to others.	(4) No material disparity.
3. Composition and Duties of the Board of Directors				
(1) Has the Board of Directors formulated and implemented a diversity policy and specific management objectives been adopted for?	✓		(1) The Company has provided the diversification guidelines of Board of Directors member organizations in "Code of Corporate Governance Practices" and put such guideline into implementation.	(1) No material disparity.
(2) In addition to establishment of Salary and Compensation Committee and Audit Committee pursuant to relevant laws and regulations, has the Company voluntarily established other various functional committees?		✓	(2) The Company has established a Salary and Compensation Committee and Audit Committee pursuant to relevant laws and regulations. The Company will set up various other functional committees according to laws and regulations or practical needs in the future.	(2) Functional committee will be established based on the Company's actual operation needs.
(3) Has the Company formulated Regulations Governing Performance Appraisals on the Board of Directors and its Appraisal Method, conducted performance appraisal on a regular basis every year, and reported the results of the performance appraisal to the Board of Directors, followed by application as reference of individual directors' salary and continued nomination?	✓		(3) The Company has promulgated Regulations Governing Performance Appraisals on the Board of Directors and its Appraisal Method, and the Company complies with Regulations Governing Performance Appraisals on the Board of Directors and has conducted 2024 Board of Directors performance appraisal over the Salary and Compensation Committee and Board of Directors on Director's compliance with relevant laws and regulations and the degree of participation in the Company's operations on March 13, 2025.	(3) No material disparity.
(4) Has the Company regularly assessed CPA independence?	✓		(4) The company refer to Audit Quality Indicators of CPA annually (the most recent assessment is at the Board of Directors on March 13, 2025) to examine the payment of salary from the Company's director, shareholder or the Company, and confirm that there is no related interest. In addition, the rotation of accountants is also conducted in accordance with relevant regulations (Note 2).	(4) No material disparity.

Appraisal Items	Operation Status (Note1)			Disparity with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Such Disparity
	Yes	No	Summary Descriptions	
4. Has the Listed/OTC Company have a suitable and appropriate number of Corporate Governance personnel, and has designated a Corporate Governance director be responsible for Corporate Governance related matters (including but not limited to providing directors and supervisors with the necessary information for business practices, assisting directors and supervisors in compliance with laws and regulations, handling relevant Board of Directors and shareholder meeting matters in accordance with laws and regulations, preparing Board of Directors and shareholder meeting minutes, etc.)?	✓ ✓ ✓		(1) The Company's Board of Directors passed a resolution on March 14, 2024 to appoint Mr. Li Yuanji, Manager of the Company's Finance Department, as the Head of Corporate Governance to protect the rights and interests of shareholders and strengthen the functions of the boards of directors. (2) Chen Chang Yuan has more than three years of experience in finance and stock affairs in the public offering company. The main duties of the head of Corporate Governance are to handle matters relating to Board meetings and shareholders' meetings in accordance with the law, to prepare proceedings for Board meetings and shareholders' meetings, to assist directors in taking office, continuing education and complying with the law, to provide the information required for directors to perform their duties, to assist directors and supervisors with legal compliance, and other matters formulated in the Articles of Incorporation or contract. (3) The specific situation of corporate governance personnel training in 2024 is as follows: 1. 2024.04.12, the Course Name: Corporate Governance Forum (3 hours) 2. 2024.04.17, the Course Name: Corporate Governance Forum (3 hours) 3. 2024.07.03, the Course Name: The Course Name: 2024 Cathay Pacific Sustainable Finance and Climate Change Summit (3 hours) 4. 2024.08.08, the Course Name: How to strengthen corporate sustainable management, transform ESG risks into opportunities, and build corporate sustainable competitiveness (3 hours) 5. 2024.08.08, the Course Name: Common omissions in inheritance tax and real estate inheritance thinking (3 hours)	No material disparity.
5. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.), and set up a special section for stakeholders on the Company's website, and appropriately responded to the important corporate and social responsibility issues concerned by stakeholders?	✓		The Company has designated Spokesperson, Acting Spokesperson and stock affairs underwriters, and has set up a Stakeholder section on the Company's website for disclosure of contact info (04-25692299 Ext. 1234) and e-mail (sales@hota.com.tw) to establish communication channels with stakeholders.	No material disparity.
6. Has the Company appointed a professional stock affairs agency to handle the affairs of the shareholders meeting?	✓		The Company has appointed the Agency for Stock Affairs, MasterLink Securities Co., Ltd. to handle relevant stock affairs and shareholders' meeting affairs.	No material disparity.
7. Information Announcement (1) Has the Company set up a website to disclose financial business and corporate governance information? (2) Has the Company adopted other information disclosure methods (e.g., setting up an English website, appointing designated personnel to collect and disclose company information, implementing the Spokesperson system, and uploading the process of institutional investor conference over company website, etc.)? (3) Has the Company announced and submitted the annual Financial Report within two months after the end of an accounting year, and made early announcements and submission of the Financial Report for the quarters 1, 2 and 3 and operations in each month before the specified deadline?	✓ ✓ ✓		(1) The Company has set up a website http://www.hota.com.tw and disclosed financial affairs and corporate governance information. (2) The Company's relevant information disclosure and collection are all made by a designated person, and the Spokesperson system has been set up and implemented. In addition, the process and information of the institution investor conference have been placed on the Company's website. (3) The Company has made early announcements and declarations of the of the Financial Report for the quarters 1, 2 and 3 and operations in each month before the specified deadline. However, the annual Financial Report was announced within two months after the end of the accounting year. The Company will finish the preparation early prior to the legal deadline.	(1) No Material Disparity. (2) No Material Disparity. (3) All are in compliance, except for the annual financial report.
8. Has the Company provided other important information helpful in understand the Corporate Governance Operation Status (including but not limited to employees' rights, employee care, investor relations, supplier relations, stakeholders' rights, directors and supervisors training, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's insuring of liability insurance for directors and supervisors, etc.)?	✓ ✓ ✓		(1) Employees Rights: The system adopted by the Company for the rights of employees is governed by laws and regulations and detailed in the "Working Rules" and related management regulations. The rights and obligations of employees and related benefits are specified, and related benefit contents are reviewed and revised regularly to protect the rights of all employees. (2) Employee Care: The Company has established an Employee Welfare Committee to provide complete care and guarantees to the employees, including weddings, funerals and festival grants, regular health check-ups, travel subsidies, external training subsidies, employee group insurance, employees' compensation under annual performance appraisal, and year-end bonuses. (3) Investor Relations: The Company has designated a dedicated employee to take responsibilities of the disclosure of information on MOPS and the Company's website, and has set a shareholder Q&A window	(1) No Material Disparity. (2) No Material Disparity. (3) No Material Disparity.

Appraisal Items	Operation Status (Note1)			Disparity with Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and Reasons for Such Disparity
	Yes	No	Summary Descriptions	
	✓		and Spokesperson contact information on the Company's website to maintain communication and rapport between the Company and shareholders (4) Supplier Relations: The Company has established "Regulations Governing Supplier Management and Evaluation" to ensure that the delivery date, quality and price of suppliers meet the Company's needs; in addition, the supplier mutual aid exchange gathering was established, with talent training center established in 2017, to handle joint supplier education training and regularly organized supplier exchange activities for benign communication and partnership.	(4) No Material Disparity.
	✓		(5) Stakeholders' Rights: The Company respects and safeguards the legitimate rights and interests of stakeholders, and maintains good communication channels and relationships with shareholders, employees, customers and suppliers; in addition, the Company website has contained a "Investor Relations" section, which discloses the Company's financial, business and other related information, with links to "MOPS" for reference by shareholders and other stakeholders. In addition, the Company's stock agency also assists in handling affairs related to shareholders and other stakeholders. In case legal issues are involved, the Company will hire legal consultants for handling to protect the rights of stakeholders.	(5) No Material Disparity.
	✓		(6) Directors Training: The Company entrusts the Taiwan Corporate Governance Association to conduct professional training courses for directors (6 hours in total): 1. 2024.08.08, the Course Name: How to strengthen corporate sustainable management, transform ESG risks into opportunities, and build corporate sustainable competitiveness (3 hours) 2. 2024.08.08, the Course Name: Common omissions in inheritance tax and real estate inheritance thinking (3 hours)	(6) No Material Disparity.
	✓		(7) Implementation of Risk Management Policies and Risk Measurement Standards: The Company has established risk management policies. Major policies, investment cases, endorsement and guarantees, loaning of funds, bank financing and other major proposals concerning operations have been approved by the appropriate authority and responsibility unit under evaluation and analysis and have been implemented following Board of Directors resolutions. The audit office also draws up its annual audit plan based on the risk assessment results and implements the drafted plans. Supervisory mechanism has been implemented to control various management risks.	(7) No Material Disparity.
	✓		(8) Implementation of Customer Policies: The Company is committed to quality improvement and professional technology improvement and has set up a contact window available for customers to provide customers with the best products and services.	(8) No Material Disparity.
	✓		(9) The Company's Insuring of Liability Insurance for Directors and Managers: The Company has insured directors and managers liability insurance. The policy period is from July 24th, 2024, to July 24th, 2025. The insurance premium is amounted to USD 5 million.	(9) No Material Disparity.
9. Please explain the improved situation based on results of the Corporate Governance evaluation published by the Corporate Governance Center, Taiwan Stock Exchange Corporation in the most recent year, and propose priority reinforcement matters and measures for those that have not yet been improved. (Entering not required if not included in evaluation) The Company has made reinforcements and rectifications to items of Corporate Governance evaluation without scores and has proposed improvement situation with supervisors for review to strengthen the Company's Corporate Governance and allow a more transparent information disclosure.				

Note 1: For Operation Status, details shall be specified in the Summary Descriptions column, regardless of the tick at "Yes" or "No".

Note 2: Accountants' Independence Appraisal and Performance Examinations for 2024 are as follows:

Item	Specific Indicators	Appraisal Standards	Score	Compliance with Independence
Independence Indicators				
1	There is no direct or material indirect related interest financially.	5 Points if no related interests, 0 Points if such interest exists.	5	Yes
2	There is no inappropriate related interest between the accountant and the consignor.	5 Points if no inappropriate related interests, 0 Points if such interest exists.	5	Yes
3	Financial reports for the service institution within the first two years of business may not be audited and attested.	5 Points if no violation, 0 Points if violated.	5	Yes
4	The name of the accountant may not be utilized by others. (Statement)	5 Points if no such utilization, 0 Points if such utilization occurred.	5	Yes
5	Accountants and all audit service group members may not hold shares of the consignor.	5 Points if no such holding, 0 Points if yes.	5	Yes
6	Does not have events of borrowing of money from the consignor.	5 Points if no such occurrence, and 0 Points if occurred.	5	Yes
7	Does not have relations of joint investment or shared interest with the consignor.	5 Points if no such occurrence, and 0 Points if occurred.	5	Yes
8	Does not take concurrent roles offered by the consignor and receive regular salary.	5 Points if no such occurrence, and 0 Points if occurred.	5	Yes
9	Does not accept any commission relevant to business dealings.	5 Points if no such occurrence, and 0 Points if occurred.	5	Yes
10	Term of accountant over 7 years.	5 Points if no such occurrence, and 0 Points if occurred.	5	Yes
Performance Indicator				
1	Official financial report of the first three quarters shall be done within 45 days in the current season or completed within three months after the end of annual report.	5 Points if completed 3 days earlier, 3 Points if completed on time, and 0 Points if completed after deadline.	5	Yes
2	The accuracy of audit and preparation of quarterly and annual reports in first draft (under Company information change.) (the four major statements)	Based on errors in figures of financial reports, 5 Points if with 2 or fewer errors, 3 Points if with 3 or fewer errors, and 0 Points if over 3 errors.	5	Yes
3	Account audit time and completion of first draft for the first three quarters of the Company by the accountant.	Based on review time of the financial reports of the first three quarters, 5 Points if within 30 days, 3 Points if within 40 days, and 0 Points if over 40 days.	5	Yes
4	The time the accountant completes the Company's annual account audit and completion of first draft.	5 Points if completed within 60 days, 3 Points if completed within 70 days, and 0 Points if completed after 70 days, based on the period between date the audits to reports have been completed the and the end of the year.	5	Yes
5	The time the accountant completes a subsidiary's annual account audit and completion of first draft.	5 Points if completed within 55 days, 3 Points if completed within 60 days, and 0 Points if completed after 60 days, based on the end of the year.	5	Yes
6	Whether the accountant has made frequent interactions with the Company's managerial personnel (internal audit personnel, etc.), with records kept.	5 Points if Yes, 0 Points if no interactions.	5	Yes
7	Whether the accountant has had appropriate interactions prior to the audit planning and submission of audit opinions, with records kept.	5 Points if Yes, 0 Points if no interactions.	5	Yes
8	Whether the accountant has proposed positive suggestions on company system and internal control audit, with records kept.	5 Points if Yes, 0 Points if no interactions.	5	Yes
9	Regularly and proactively updating the Company with tax and securities and management laws and regulations as well as revised IFRS Accounting guidelines.	5 Points if Yes, 0 Points if No.	5	Yes
10	Stability of Audit Service Team Member and Personnel.	5 Points if Yes, 0 Points if No.	5	Yes
11	Assisting in Communications and Coordination with Competent Authorities.	5 Points if Yes, 0 Points if No.	5	Yes
12	Whether there is fraud or finding of matters not meeting regular practices within the internal employees of the Company.	5 Points if No, 0 Points if Yes.	5	Yes

4. Salary and Compensation Committee Operation Status:

This Committee is composed of four members as resolved and designated by Board of Directors, which one of the members serves as the convener. Professional qualification and independence of members of the Committee shall meet Articles 5 and 6 of the Regulations Governing Duties of the Salary and Compensation Committee.

(1) Salary and Compensation Committee Member Information:

Role	Name	Professional qualifications and experience Independence analysis	Number of Companies the Salary and Compensation Committee member concurrently serves as the same role
Independent Director (Convener)	Liu, Zheng-Huai	Refer to the relevant information in Information on Directors (2) on p10.	2
Independent Director	Chueh, Ming-Fu		0
Independent Director	Cheng, Wen-Zheng (Note2)		1
Independent Director	Zhuang, Bo-Nian		1

Note 1: This Salary and Compensation Committee is formed by all Independent Directors, with a term from June 13, 2023, to June 12, 2026.

Note 2: Independent director Mr. Cheng, Wen-Zheng resigned on June 15, 2024.

(2) Operations of the Salary and Remuneration Committee

A. The Remuneration Committee of the Company consists of four members.

B. Term of this Committee: June 13, 2023 to June 12, 2026. In 2023, a total of two Salary and Compensation Committee meetings were held, with member qualifications and attendance as follows:

Role	Name	Actual Number of Attendance (B)	Number of Delegated Presence	Actual Attendance Rate (%) (B/A) (Note)	Remarks
Independent Director	Liu, Zheng-Huai	2	0	100%	Re-elected
Independent Director	Chueh, Ming-Fu	2	0	100%	Re-elected
Independent Director	Cheng, Wen-Zheng	1	0	100%	Re-elected (Note3)
Independent Director	Zhuang, Bo-Nian	2	0	100%	new

Matters Worth Special Mentions:

- In case the Board of Directors does not adopt or revise suggestions by the Salary and Compensation Committee, date, period, Content of Proposal, resolution results by the Board of Directors and the handling by the Company on Salary and Compensation Committee opinions (e.g., salary and compensation adopted by the Board of Directors as superior to suggestions by Salary and Compensation Committee, with disparity and reasons required to be stated) of such Board of Directors' meeting shall be stated: No such occurrence in the Company
- Where there is any objection or qualified opinion by the members based on resolutions in a Salary and Compensation Committee meeting, with records or written statements, the date, period, content of proposal, opinions by all members and the handling of opinions from objecting members of such Salary and Compensation Committee meeting should be stated:

Note:

- Where there is a Salary and Compensation Committee member resigning prior to the end of a year, the date of resignation shall be noted in the Remarks column; Actual Presence (Attendance) rate (%) is calculated using the number of Salary and Compensation Committee meetings held during his/her term and number of his/her Actual Presence (Attendance).
- Where there is a by-election of Salary and Compensation Committee members prior to the end of a year, the names of new and incumbent members year shall be listed, with status of such member (New, Incumbent or Re-elected) and the date of by-election noted at Remarks column. Actual Presence (Attendance) rate (%) is calculated using the number of Salary and Compensation Committee meetings held during his/her term and number of his/her Actual Presence (Attendance).
- Independent director Mr. Cheng, Wen-Zheng resigned on June 15, 2024.

(3)

Board of Directors Date	Contents of Proposals	Opinions by All Independent Directors	Handling of the Independent Directors' Opinions by the Company
2024/03/14	1. Review on 2023 Board of Directors Performance Appraisal 2. Review on Rectification of the Company's Distributions of Directors' Compensation, Manager (Employee) Compensation and Year-End Bonus in 2023. 3. List of Managers Applicable for Salary and Compensation Review	Agree	Passed as Proposed
2024/11/07	Motion of the Company's Executives Remuneration and Bonus Disbursement	Agree	Passed as Proposed

5. Promotion of Sustainable Development –Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons

Promote projects	Execution situation (Note1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	Summary Descriptions	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	✓		In compliance with the vision and mission of the Company's ESG Policy, in 2021, the Committee was renamed the Sustainable Development Committee, in charge of the Company's sustainable development. The President of the company is the convener, and the committee is composed of directors of different departments. The committee meeting will be held annually. The President convenes with different relevant departments for promoting the Corporate Social Responsibility and inquiry of interested parties, the implementation of negotiating and communication, and the countermeasures. Complete and disclose the previous annual report on sustainability. The implementation of Corporate Social Responsibility is coordinated by each team and reported the annual performance of ESG is to the board of directors by the President.	No material disparity.
2. Has the Company conducted risk assessments on environmental, social, and corporate governance issues relating to the Company's operations in accordance with the materiality, and formulated relevant risk management policies or strategies? (Note 2)	✓		The Company's sustainability report covers the related operating systems and activities of Hota Industrial Mfg. Co., Ltd. (including the Zhongke Plant, Dali Plant and Chiayi Plant) are the subject of disclosure. It is included policy, commitments, goals, management, and performance of Corporation Sustainable Development in the economic, social, environmental, and other issues. The sorting is by the importance of the themes, the Corporation Sustainable Development Report has covered the internal boundary of the Hota Industrial Mfg. Co., Ltd., The external boundary of an organization includes major interest parties of upstream and downstream such as customers, shareholders, suppliers, contractors, community. And to define the scope of the important themes including transparency and impact of the overall value chain of the Company and disclose in the Corporation Sustainable Development Report with GRI sustainability reporting standards and focus on the implementation and describe in the corresponding chapter of the Report.	No material disparity.
3. Environment Issues				
(1) Has the Company established an appropriate environmental management system based on its industrial characteristics?	✓		(1) The Company is set up an environmental management system (EMS) by ISO 14001 and passed third-party verification. And the Company conducts the Greenhouse gases by the requirement of ISO14064-1 annually. The company should disclose the performance of emissions in the Corporation Sustainable Development Report and on the Company's website.	(1) No material disparity.
(2) Is the Company committed to use energy more efficiently and enhance the utilization efficiency of various resources while using recycled materials with low impact on the environment?	✓		(2) The company actively promotes various energy reduction measures, reduces the energy consumption of enterprises and selects the equipment with high -energy efficiency and energy-saving design, and optimizes energy use efficiency with expands the use of renewable energy. The	(2) No material disparity.

Promote projects	Execution situation (Note1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies								
	Yes	No	Summary Descriptions									
(3) Has the Company assessed the current and future potential risks and opportunities of climate change to the Company and taken measures to respond to climate-related issues?	√		<div>(3) emission reduction results are disclosed in the Sustainability Report annually. One of the major issues of sustainable development for the Company is climate change. The Company is always aware of the impact of climate change on its operations and conducts the greenhouse gases inventory and determine the policy for energy saving and carbon reduction, and emission reduction.<table><tr><th>Risk Category</th><th>Potential Risks</th><th>Countermeasures</th></tr><tr><td rowspan="2">Risk of climate change</td><td>Management of Carbon Emission</td><td>Through the verification of ISO 50001 Energy Management System, annual inspections of energy conservation and carbon reduction and greenhouse gas emissions, and carbon footprint inspections of representative products. The roof of the building is equipped with a solar power system to promote green energy and environmental protection.</td></tr><tr><td>Transportation Management</td><td>In response to climate factors such as hurricanes in the United States and low water levels in the Panama Canal, safe storage facilities and safe storage capacity plans were built in the western and eastern U.S. respectively. Due to the impact of global epidemic, the shortage of containers for international shipments had a full impact on the shipment schedule, and production plans had to be prepared in advance to reduce the impact.</td></tr></table></div>	Risk Category	Potential Risks	Countermeasures	Risk of climate change	Management of Carbon Emission	Through the verification of ISO 50001 Energy Management System, annual inspections of energy conservation and carbon reduction and greenhouse gas emissions, and carbon footprint inspections of representative products. The roof of the building is equipped with a solar power system to promote green energy and environmental protection.	Transportation Management	In response to climate factors such as hurricanes in the United States and low water levels in the Panama Canal, safe storage facilities and safe storage capacity plans were built in the western and eastern U.S. respectively. Due to the impact of global epidemic, the shortage of containers for international shipments had a full impact on the shipment schedule, and production plans had to be prepared in advance to reduce the impact.	(3) No material disparity.
Risk Category	Potential Risks	Countermeasures										
Risk of climate change	Management of Carbon Emission	Through the verification of ISO 50001 Energy Management System, annual inspections of energy conservation and carbon reduction and greenhouse gas emissions, and carbon footprint inspections of representative products. The roof of the building is equipped with a solar power system to promote green energy and environmental protection.										
	Transportation Management	In response to climate factors such as hurricanes in the United States and low water levels in the Panama Canal, safe storage facilities and safe storage capacity plans were built in the western and eastern U.S. respectively. Due to the impact of global epidemic, the shortage of containers for international shipments had a full impact on the shipment schedule, and production plans had to be prepared in advance to reduce the impact.										
(4) Has the Company taken statistics on greenhouse gas emissions, water consumption and total weight of waste in the previous two years and formulated policies for greenhouse gas reduction and water reduction or other waste management?	√		<div>(4) Review the Company's greenhouse gas emissions, water consumption, and total waste weight annually. And set the related specification for energy-saving carbon reduction, greenhouse gas reduction, reduced water, or other waste management to implement corporate social responsibility. 1. All the plants have completed the inventory and third-party verifications of ISO 14064-1 Scope 1, 2, 3. the inventory and third-party verifications of ISO 50001. 2. The Company has been concerned about the issue of energy conservation and environmental protection of water resources for many years. The water</div>	(4) No material disparity.								

Promote projects	Execution situation (Note1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	Summary Descriptions	
			<p>resources that can be used will have greater benefits from the comprehensive implementation of water conservation in daily life.</p> <p>3. The Company is committed to environmental protection and waste reduction. The annual performance review and internal and external audit are performed by the Commission on Sustainable Development. All plants are certified through the ISO 14001 Environmental Management System. The waste cleaning in the operation process is properly handled according to the waste cleaning method, and the sources of waste generated are effectively classified and collected, to improve the recoverability of the waste. For the process waste treatment model is the collection, classification, reduction, and recovery, the main management strategy is to replace "buried disposal" with "resource recovery", to turn the waste into resources, reduce environmental impact, and effectively manage and improve the value of resource reuse.</p> <p>The relevant data on greenhouse gas emissions, water consumption, and waste are compiled and disclosed in the Company's Sustainability Report annually.</p>	
4. Social Issues				
(1) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?	✓		<p>(1) The Company is committed to protecting employees' rights and interests and complying with the "Labor Standards Law", the Employment Services Law, Gender Equality in Employment Act, and other relevant government human rights policies. The Company not only implements policies but also establishes a diversified communication channel and management mechanism to ensure proper care for fellow employees and to create a friendly corporate environment that respects, cares for, and protects human rights.</p> <p>The Company's human rights policy-specific management program includes: It provides a safe and healthy working environment, organizes annual health checks for employees, and provides care and follow-up for employees, prohibits forced labor, prohibits child labor, and holding regular Management and Labor Council.</p>	(1) No material disparity.
(2) Has the Company formulated and implement reasonable employee welfare measures (including salary and compensation, vacation, and other benefits, etc.), and appropriately reflected operating performance or results in employee compensation?	✓		<p>(2) Reasonable employee welfare mechanism has been promulgated and implemented, with employee evaluations conducted, to accurately reflect operating performance in employee welfare and compensation.</p> <p>Employee remuneration: For motivating the employee work together with the Company's objectives, the Company's year-end bonus is allocated to all the staff members after considering the circumstances of their annual performance appraisal and evaluation. Employees' remuneration is calculated at not less than 2% of the Company's profit for the year, as required by the Articles of the Company.</p>	(2) No material disparity.

Promote projects	Execution situation (Note1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	Summary Descriptions	
(3) Has the Company provided employees with a safe and healthy working environment and provided employees with regular safety and health educations?	√		<p>Employee benefits measures: The Company has established an employee benefits committee that plans and provides quality benefits to the employee from company revenue. The welfare benefits of the staff are tourism subsidies, birthday gifts, marriage allowances, maternity allowances, funeral allowances, and three-section gifts.</p> <p>Leave system: In accordance with the rules on leave for employees, special leave, sick leave for ordinary injuries, sick leave, menstrual leave, family care leave, or no-pay leave, etc., shall be granted to the staff members. The employee can apply the no-pay leave to take care of the needs of individuals and family care such as parental leave, serious injury, major accident, etc.</p> <p>Diversity and equality: To realize a gender-equal workplace environment and the Company offers equal pay and there is no discrepancy between basic salaries and compensations between women and men for promotion and sustainable economic growth.</p> <p>The Company values the rights and benefits of its employees and shares a profit margin with its employees to maintain a good working environment. The Company also implements a friendly workplace and follows gender equality so as to enable its employees of all sexes to work in peace and good faith by engaging in a good working environment and engaging in physical and physical work and defining suitable work positions and environmental facilities, and reflected the performance of the operations on the employees' remuneration.</p> <p>(3) The Company is committed to providing employees with a safe and healthy working environment, implementing safety and health education on a regular basis through training for new recruits and orientation, on-the-job education training opportunities.</p> <p>Occupational safety health policy: The Company follows the requirements of the Occupational Safety and Health Act with customers and relevant organizations to set policies and respects the requirements of the relevant interested organizations for occupational safety and health to build a healthy and happy workplace.</p> <p>Workplace environmental monitoring: In order to protect workers from harmful substances in the workplace and provide a healthy and comfortable working environment for employees, the environmental monitoring exercises will be carried out twice a year to gradually understand the exposure of employees.</p> <p>Equipment safety Management: The Company carries out equipment classification, which is legally regulated for dangerous machinery and equipment, and conducts a detailed inspection to ensure the safe operation</p>	(3) No material disparity.

Promote projects	Execution situation (Note1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	Summary Descriptions	
(4) Has the Company established an effective career development training program for employees?	√		<p>of the equipment. The Company's hazardous machinery components are regularly inspected in accordance with the " Regulations for Safety Inspection of Hazardous Machines and Equipment" to ensure safety concerns regarding the use of equipment.</p> <p>All plants of the company have certificated ISO 45001.</p> <p>The number of employee occupational accidents in 2024 is 14 (including 8 traffic accidents). In addition to relevant education and training for occupational accidents in the factory, hazard risks will also be identified based on the occupational accidents and relevant improvement measures will be taken; for traffic accidents The Occupational Disaster Association provides transportation-related education and training to employees.</p> <p>Health examination and management system: Considering the protection of employees' health, we provide annual health examinations with a higher frequency than the regulations, conduct general (special) labor physical examinations for new employees, regular health examinations for employees in service, and special operation health examinations; for new employees, we implement graded physical examination management, and if a health manager is needed, we arrange consultation and follow-up care by the factory doctor to assist employees in self-management of their health.</p> <p>Health promotion plan: Promote health promotion activities, such as food safety and healthy life lectures, promote the correct concept of healthy life, workplace sexual harassment prevention lectures, strengthen employees' understanding of gender equality awareness and the three laws of gender equality, strengthen respect for others, promote workplace mental health and environment, AED+CPR emergency rescue education and training, strengthen employees' emergency rescue response capabilities, and COVID-19 vaccine injections, with a total of 328 people participating.</p> <p>Dali Plant and Zhongke Plant Healthy Workplace Certification-Health Promotion Extension, Chiayi Plant Healthy Workplace Certification-Health Promotion Application, approved, to promote health promotion related activities, create a healthy working environment and improve employees' work efficiency, and implement corporate social responsibility.</p> <p>It is expected that by 2025, with the assistance of external resources, a variety of health promotion courses will be held (such as anti-cancer dietary concepts, non-toxic and healthy living, staying away from stress and relaxing yourself...) to achieve a balance between work and physical and mental health.</p> <p>(4) The Company regards employees as important assets, cultivating talents through on-the-job training at various functions.</p>	<p>(4) No material disparity.</p> <p>(5) No material disparity.</p> <p>(6) No material disparity.</p>

Promote projects	Execution situation (Note1)			Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	Summary Descriptions	
<p>(5) With regards to the issues about customer health and safety, customer privacy, and marketing and labeling of products and services, has the Company complied with relevant laws and regulations and international standards, and formulated relevant consumer and customer protection policies and grievance procedures?</p> <p>(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues e.g. environmental protection, occupational safety and health, or labor human rights? In addition, how is the implementation?</p>	<p>√</p> <p>√</p>		<p>The Company plans a comprehensive functional training program for all levels of supervisors and employees of the Company, including newcomer training, professional advanced training, and management training, to assist employees to continue their learning and development through multiple learning approaches, and to introduce the relevant training courses on the development of corporate ethics and beliefs, and to develop their key capabilities.</p> <p>(5) The Company's products and services have been regulated in accordance with international laws and regulations, with business unit designated for handling quality and customer grievances.</p> <p>The Company has announced and promoted the protection of business secrets and intellectual property rights to all employees. It clearly states and requires employees to protect business confidentiality and understand the importance of protecting customer information. Employees should sign relevant confidentiality agreements. The Company is protecting the information of customers, proprietary technology, business secrets, personal information, and confidential information are fully protected, and will never disclose the customers' information to other customers. In 2024, there was no violation of customer confidential information protection.</p> <p>(6) The key factor for the growth of the Company is good suppliers. Therefore, the Company selects the suitable suppliers (in line with the ISO Quality and Environment Management System) is based on safety, price, delivery, quality, service, environmental protection, and sustainability, and reviews the products' quality, services, and environment regularly to maintain and maximize the quality of relevant products. The Company selects qualified suppliers according to the "Supplier Evaluation Regulation" and the suppliers are required to comply with the ISO quality and environmental management system, the SQE regularly audits the supplier compliance and conducts joint educational training and mentoring activities to enhance the supplier's sustainability.</p>	
5. Has the Company referred to the internationally accepted standards or guidelines for the preparation of reports to prepare reports disclosing the Company's non-financial information, such as ESG reports? Have the aforementioned reports obtained the validation or assurance opinion of the third-party verification body?	√		The Sustainability Development Group has commissioned an independent third party, Ernst & Young, to conduct a limited assurance on specific sustainability performance indicators in the 2024 Sustainability Report based on Assurance Standard No. 3000 "Assurance Cases for Audits or Verifications of Non-Historical Financial Information" issued by the Accounting Research and Development Foundation of the Republic of China. For the relevant information, please refer to the independent assurance report of the accountant in the appendix.	No material disparity.
6. In case the Company has set forth its own CSR principles following "Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies", please describe its operation and its disparity with the set principles: No material disparity.				
7. Other important information helpful in understanding the Operation Status of sustainable development: None.				

6. Implementation status

- (1) Describe the Board of Directors and management's oversight and governance of climate-related risks and opportunities.

According to the regulations of the Taiwan Stock Exchange and the Taipei Exchange, starting from May 2022, the schedule for greenhouse gas inventory and verification will be reported quarterly to the board of directors for control.

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

In line with the global commitment to achieving "net-zero emissions by 2050," HOTA is actively working to enhance climate awareness among its management team and employees, and improve problem-solving capabilities, thereby reducing operational risks associated with environmental factors.

Risk Categories and Opportunities	Climate Risk Project	Risk Description	Financial Impact	Impact Duration	Response Strategies and Objectives
Transition Risks-Policy and Legal	Greenhouse gas reduction and carbon pricing	In accordance with the carbon reduction targets set by domestic authorities in response to climate change, companies are required to conduct carbon inventory and carbon reduction planning. In addition, the government promotes a carbon pricing mechanism, which increases operating costs.	Increase in operating costs	Shortterm (3 years)	In response to the global carbon pricing mechanism, we will conduct greenhouse gas inventories and plan carbon reduction plans.
Transition Risks-Market	Rise in raw material costs	The cost of raw materials has increased due to climate change.	increase in operating costs.	Mediumterm (3-5 years)	Develop a diversified supply chain to reduce material shortages or overall procurement cost increases.
Physical Risks- Long-term climate change impacts	The severity of extreme weather events has increased - strong typhoons, floods, etc. have affected production	The increased frequency of strong typhoons and extreme rainfall have caused disruptions to company operations or flooding or waterlogging in factories, leading to asset losses and affecting production supply.	Decrease in operating income. Increase in operating costs.	Shortterm (3 years)	Strengthen disaster prevention drills and publicity to ensure personnel safety, and continue to disperse production bases and outsourced suppliers to reduce the risk of weather accidents affecting production.

Opportunity Category	Opportunity Projects	Response Strategies and Objectives	Financial Impact	Impact Duration
Renewable Energy Development	Establish and develop renewable energy	Set up a solar power generation system, rent the factory roof to third-party manufacturers, and plan to set up solar power generation on the roof when building a new factory to support renewable energy projects.	Installing solar power generation will increase the cost of building a factory, but it can subsequently increase rooftop rental income.	Shortterm (3 years)
Resource efficiency	Energy-saving equipment planning	Procurement of energy-saving equipment for production equipment and construction of more efficient systems.	The purchase of production equipment and the construction of the system will affect cost expenditure, but it can subsequently improve energy utilization and save operating costs.	Mediumterm (3-5 years)

- (3) Describe the financial impact of extreme weather events and transition actions.
Regarding extreme climate events, the Company has currently identified that the impacts of extreme climate change include strong typhoons, floods and other factors that affect production, which may lead to interruption of the Company's operations or flooding or water accumulation in factories, resulting in asset losses and affecting production supply; it is expected to further affect the financial side: reduced operating income and increased operating costs. Therefore, the Company will strengthen disaster prevention drills and publicity, ensure the safety of personnel, and continue to disperse production bases and outsourced suppliers in order to reduce the risk of weather accidents affecting production.
- (4) Describe how the process of identifying, assessing and managing climate risks are integrated into the overall risk management system.
HOTA has introduced financial disclosures related to climate change in accordance with international initiatives. Through external exchanges and discussions, as well as internal research and identification of the risks and transformation opportunities brought by climate change to the company, it discloses information using the TCFD framework, emphasizing the quantification of the financial impact of climate risks and opportunities, so that relevant stakeholders can understand Hoda's efforts in risk management and response measures in response to climate change, and convey them to all colleagues. Through regular meetings or reports, relevant risks are properly controlled and responded to in advance.
- (5) If scenario planning analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and key financial impacts used should be described.
The company has not yet conducted scenario analysis to assess its resilience to climate change risks.
- (6) If there is a transformation plan to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transformation risks.
Continue to manage and monitor indicators and targets, and incorporate climate risk considerations into other risk management mechanisms.
- (7) If internal carbon pricing is used as a planning tool, the basis for price setting should be stated.
The Company has not yet used internal carbon pricing as a planning tool.

- (8) If climate-related targets are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning timeline, and the progress made in achieving them each year should be stated, and if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of certified emission reduction or renewable energy certificates (RECs) to be redeemed should be stated.
Evaluation planning in progress.
- (9) Greenhouse gas inventory and conviction.
According to the timeline plan for greenhouse gas inventory and verification issued by the competent authority, the Company shall apply the greenhouse gas inventory in the third stage (the inventory will be completed in 2026 and the verification will be completed in 2028), and the Subsidiary shall apply the greenhouse gas inventory in the fourth stage (the inventory will be completed in 2027 and the verification will be completed in 2029).
The implementation progress of the Company's greenhouse gases shall be submitted to the Board of Directors on a quarterly basis, and a greenhouse gas inventory shall be conducted every year, the relevant confirmed information has been disclosed on the Market Observation Post System (MOPS) and Sustainability Report.

7. Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons Thereof:

Appraisal Items	Operation Status (Note)			Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity
	Yes	No	Summary Descriptions	
1. Formulating Ethical Management Policies and Plans				
(1) Has the Company formulated the ethical management policy approved by the Board of Directors, and clearly indicated the ethical management policy and practice in its regulations and external documents, with commitment of active implementation of the management policy by the Board of Directors and senior management?	✓		(1) The Company has set forth "Rules for Ethical Management" and "Operational Procedure for Ethical Management and Guide of Conducts" to implement compliance with the Company Act and relevant securities regulations and Board of Directors and management's commitment to the ethical management policy.	(1) No material disparity.
(2) Has the Company formulated a risk assessment mechanism for unethical conduct, regularly analyzing and evaluating business activities at a higher risk of unethical conduct in the business scope, and formulated plans in prevention of unethical conducts which at least covers Article 7, Paragraph 2 of the "Ethical Corporate Management "Best Practice Principles for TWSE/GTSM Listed Companies" Article 7 Paragraph 2?	✓		(2) The Company engages in business operations based on the principles of fairness, integrity, and transparency. To fulfill the ethical management policy and actively prevent unethical conducts, the Company has promulgated "Rules for Ethical Management", "Operational Procedure for Ethical Management and Guide of Conducts" and "Code of Ethical Conduct", and, in accordance with the Company's relevant disciplinary regulations, put the relevant regulations into implementation. It has been specifically specified in the "Operational Procedure for Ethical Management and Guide of Conducts" that the directors, supervisors, managers and employees and de-facto controllers are prohibited from engagement in any business activities at a higher risk of unethicalness as provided by Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" or other business scopes.	(2) No material disparity.
(3) Has the Company specified operating procedures, behavior guidelines and punishments and appeal systems for violations within the plans for preventing unethical conducts, and has implemented and regularly reviewed and revised the aforementioned plans?	✓		(3) The "Rules for Ethical Management" as promulgated by the Company clearly states that no illegitimate benefits, or acts that violate ethicalness, legality, etc., is allowed, and whistleblowing on any illegal or ethical conduct that violates the Code of Conduct is encouraged. In addition, advocacies on the importance of ethical conducts to the directors and employees shall be taken regularly. The aforementioned plan shall, in accordance with the methods for assessing the risk of unethical conduct, reviewed with the appropriateness and effectiveness of the prevention plan on a regular basis, with appropriate adjustments or amendments made.	(3) No material disparity.
2. Fulfilling Ethical Management				
(1) Has the Company assessed the ethics records of its counterparties and specify the ethical conduct clauses in the contracts signing with its counterparties?	✓		(1) The Company has assessed the ethics records of its counterparts and has not found any specific records of unethicalness in the transactions.	(1) No material disparity.
(2) Has the Company set up a dedicated unit to promote corporate ethical management under the Board of Directors, who regularly	✓		(2) The Company's promotion and audit of ethical management is mainly conducted by internal auditors on a regular basis, with	(2) No material disparity.

Appraisal Items	Operation Status (Note)			Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity
	Yes	No	Summary Descriptions	
(at least once a year) report to the Board of Directors on its ethical management policies, plans for preventing unethical conduct, and supervision and implementation?	✓		reports prepared and reporting to the Board of Directors on a regular basis.	
(3) Has the Company formulated a policy for prevention of conflicts of interest, while providing appropriate channels for claim, and has implemented it?	✓		(3) The Company has set forth "Rules for Ethical Management", "Operational Procedure for Ethical Management and Guide of Conducts" and "Guidelines for Ethical Conducts" to provide appropriate statement channels and active explanations for directors, supervisors, and managers in case of relevant conflicts of interests.	(3) No material disparity.
(4) Has the Company established an effective accounting system and an internal control system for the implementation of ethical management, with the internal audit unit drawing up relevant audit plans based on the results of the assessment of the risk of unethical conducts, which are adopted in examinations of compliance with prevention of unethical conducts, or has the Company consigned a CPA for such examination?	✓		(4) The Company has established an accounting system and an internal control system, with implementations fulfilled. In addition, based on the results of the assessment of the risk of unethical conduct, internal auditors formulate an audit plan that includes audit objects, scope, items, frequency, etc., for examining the compliance of the prevention plan; the examination result shall be reported to the senior management and the responsible unit of ethical management, with audit report prepared and submitted to the Board of Directors. In addition, the Company conducts annual review and revision operations to ensure the continuous effectiveness of the system design and its implementation to establish a good Corporate Governance and risk control mechanism as the foundation for evaluating the effectiveness of the overall Internal Control system and issuing an Internal Control system statement.	(4) No material disparity.
(5) Has the Company regularly organized internal and external education training on ethical management?	✓		(5) The Company has actively advocated ethical management to its employees, and regularly education training on ethical management for new employees.	(5) No material disparity.
3. Operation Status of the Company's Whistleblowing System				
(1) Has the Company formulated a specific whistleblowing and reward system and established a convenient whistleblowing channel, while designating appropriate acceptance personnel for the reported subject?	✓		(1) The Company has set up "Operational Procedure for Ethical Management and Guide of Conducts" specifying the matters that the Company personnel shall pay notice to when performing business and has established a dedicated unit responsible for the implementation and supervision of related operations.	(1) No material disparity.
(2) Has the Company formulated standard operating procedures for the investigation of reported matters, follow-up measures to be taken after the investigation has been completed, and related confidentiality mechanisms?	✓		(2) The Company has established standard operating procedures and related confidentiality mechanisms for handling reports of complaints in accordance with the "Guidelines for Ethical Conducts". However, all complaints are handled with caution and confidentiality, and a specific reporting and reward system has been planned.	(2) No material disparity.
(3) Has the Company taken measures to protect whistleblowers from receiving inappropriate dispositions as a result of whistleblowing?	✓		(3) In accordance with the "Guidelines for Ethical Conducts", the Company upholds its responsibilities in keeping confidentiality to	(3) No material disparity.

Appraisal Items	Operation Status (Note)			Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity
	Yes	No	Summary Descriptions	
			informants, and measures to prevent informants from receiving inappropriate dispositions as a result of whistleblowing.	
4. Reinforcing Information Disclosure Has the Company disclosed on its website and MOPS the content of its code of ethical management and its promotion effectiveness?	✓		The Company has disclosed relevant information on MOPS and the Company website.	No material disparity.
5. Where the Company has promulgated its own Guidelines for Ethical Management in accordance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, please specify its operations and its disparity from the set guidelines: The Company has established the “Ethical Corporate Management Best Practice Principles” to perform good business practices and fulfill its social responsibility, with no material differences between the implementation and the principles				
6. Other important information helpful in understanding the Operation Status of the Company’s ethical management: (e.g., the Company’s reflection and revision on its own Guidelines for Ethical Management): The Company upholds ethical corporate management and takes into account the needs of its stakeholders to ensure business sustainability				

Note: Operation Status shall be specified in the Summary Description column, no matter “Yes” or “No” is ticked.

8. Other important information sufficient to enhance understandings to Corporate Governance Operation Status shall be disclosed altogether:
Concerning information sufficient to enhance understandings to Corporate Governance Operation Status, all are disclosed via MOPS or the Company website.

9. Internal Control System Implementation Condition
(1) Internal Control Statement

Hota Industrial Mfg. Co., Ltd.
Internal Control System Statement

Date: March 13, 2025

The statement concerning the Company's 2024 internal control system is made as follows in accordance with independent examination:

1. The Company has authentic knowledge that establishment, enforcement and maintenance of internal control system is of the liability of the Company's Board of Directors and Managerial Officers and has established such system. The purpose of such system is to provide reasonable assurance over the effects and efficiency of operations (incl. profit, performance and guarantee of asset safety, etc.), reliability of financial report and compliance with relevant law and regulations.
2. The internal control system has its congenital limitations, and an effective internal control may only provide reasonable assurances for achievement of the aforesaid three goals; in addition, due to changes in the environment and circumstances, effectiveness of internal control system may be varied accordingly. However, the internal control system of the Company contains a self-supervision mechanism where the Company may immediately adopt rectification upon identification of defects.
3. The Company identifies the validity of designs and executions of the internal system in accordance with identification items for internal control systems as provided by "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter "Regulations"). The identification items for internal control systems as adopted by these "Regulations" are the divided five composition factors from the internal control system by the process of management control: 1. Control Environment; 2. Risk Assessment and Responses; 3. Control Conduct; 4. Information and Communication; and 5. Supervision. Each constitution factor further include multiple items. For the aforesaid items, please refer to provisions in the "Regulations".
4. The Company has adopted the aforesaid internal system identification items to examine the design and validity of execution for the internal control system.
5. The Company has, on basis of the examination result as mentioned in the preceding paragraph, recognized on December 31, 2024 that the internal control system (containing supervision and management to its subsidiaries), including the acknowledgement over degree of achievement of operation effects and efficiency goals, reliability of financial reports and relevant laws and regulations as well as design and execution of other internal control system as valid, and may reasonably ensure the achievement of aforesaid goals.
6. This statement will become the main content of the Company's annual report and prospectus, and shall be externally disclosed. Should there be illegitimate matters for falsification, coverup, etc., such event will constitute violation of Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
7. This statement has been adopted by passage at the Board of Directors meeting on March 13, 2025, in which the 12 attending directors contains 0 directors holding objection, and the remaining have agreed the contents of this statement and is hereby certified

Hota Industrial Mfg. Co., Ltd.

Chairman: SHENG, KUO-JUNG

President: CHEN, CHUN-CHIH

Note 1: In case there is material defect in the Design and execution of a public company's internal system, such defect shall be described in an additional section at paragraph 4 of its internal control system statement, with material defects discovered in the independent examination and the Company's rectification actions and status currently adopted for the assets and liabilities listed and described.

Note 2: The date of statement shall be "the end of a fiscal year".

- (2) Where the Company entrusts accountants in reviewing the internal control system under project, an accountant review report shall be disclosed: No such occurrence in the Company.

10. Important Resolutions by the Shareholders' meeting and the Board of Directors' meeting in the Most Recent Year and as of the date of publication of annual report.

Meeting Date	Meeting Type	Important Resolutions
2024/03/14	Board of Directors	<ol style="list-style-type: none"> 1. Time, Location and Meeting Procedure for the Company's 2024 Regular Shareholders' Meeting. 2. To review the Company's Business Report, Parent-Company Only Financial Report and Consolidated Financial Report of 2023. 3. The Company's Internal Control System Statement of 2023. 4. To evaluate the Independence of CPAs of the Company. 5. The Company's Retained Earnings Distribution of 2023. 6. Amendment of certain clauses of the "Articles of association" 7. Distribution of Employees' Compensation and Directors' Compensation the Company of 2023. 8. Motion of the Appointment of New Accounting Director 9. Motion of Change in Corporate Governance Manager 10. To determine the appropriateness of hedging exchange rate risks through the use of financial derivatives instruments in 2024. 11. To Ratify the Company's application for credit of line for funding to financial institutions. 12. The Company's Applicable Manager Change and Salary Plans. 13. Motion of the Company's Proposal to Issue the Fourth Domestic Unsecured Convertible Bonds <p><u>Resolution Status:</u> Attendance by the Independent Directors: Directors Chueh, Ming-Fu, Liu, Zheng-Huai and Cheng, Wen-Zheng, Zhuang, Bo-Nian have all attended. Opinions of Independent Directors: None. Handling of Independent Directors' Opinions by the Company: None. Resolution: adopted by passage from all attending directors.</p>
2024/05/09	Board of Directors	<ol style="list-style-type: none"> 1. Change of Certified Public Accountant. 2. To review the Company's Consolidated Financial Report of 2024 1st quarter. 3. The change to the Chief internal auditor of the Company. 4. Application of funding credit line to financial institutions by the Company. 5. To make loan of funds to the Company's supplier YUNG-CHIN DEVELOP FORGING CO., LTD. 6. Finalization of "Procedures for Sustainability Report Compilation and Assurance" 7. The amendment of Issuance of the Company's 4th domestic unsecured convertible corporate bonds. <p><u>Resolution Status:</u> Attendance by the Independent Directors: Directors Chueh, Ming-Fu, Liu, Zheng-Huai, Cheng, Wen-Zheng and Zhuang, Bo-Nian have all attended. Opinions of Independent Directors: None. Handling of Independent Directors' Opinions by the Company: None. Resolution: adopted by passage from all attending directors.</p>
2024/05/22	Special Board of Directors Meeting	<ol style="list-style-type: none"> 1. Proposal for Ratification of the Disposal of "Real Estate – Construction in Progress" to a Related Party. 2. Proposal for Ratification of the Lease of Right-of-Use Assets from a Related Party. 3. Proposal for the Acquisition of Construction Land. 4. Proposal for Land Financing Loan Application. <p><u>Resolution Status:</u> Attendance by the Independent Directors: Directors Liu, Zheng-Huai, Cheng, Wen-Zheng and Zhuang, Bo-Nian have attended. Opinions of Independent Directors: None. Handling of Independent Directors' Opinions by the Company: None. Resolution: adopted by passage from all attending directors.</p>
2024/06/13	Regular Shareholders' Meeting	<p>Matters for Report:</p> <ol style="list-style-type: none"> 1. 2023 Business Report. 2. Audit Committee Review in 2023 financial statements. 3. Report on Distribution of Employees' Compensation and Directors' Compensation in 2023. 4. Report on fund loan and endorsement guarantee. 5. Report on remuneration of individual directors in 2023 <p><u>Status of Subsequent Implementation:</u></p>

Meeting Date	Meeting Type	Important Resolutions
		<p>Employees' and Directors and Supervisors' Compensation of 2023 has been adopted by the Board of Directors through resolution and distributed on July 26, 2024.</p> <p>Matters for Rectification:</p> <ol style="list-style-type: none"> To Ratify financial statements of 2023. To Ratify Retained Earnings Distribution of 2023. <p><u>Status of Subsequent Implementation:</u></p> <p>The Retained Earnings Distribution of 2023 has, following passage by the shareholders' meeting, distributed in wire transfer or checks denoting "Nonnegotiable" delivered via registered mails by Agency for Stock Affairs, MasterLink Securities Co., Ltd. under commission on July 29, 2024.</p> <p>Matters for Discussion 1:</p> <ol style="list-style-type: none"> Amendment of certain clauses of the "Articles of association".
2024/06/18	Special Board of Directors Meeting	<ol style="list-style-type: none"> Supplementary Explanation Regarding the Disposal of "Real Estate – Construction in Progress" to a Related Party. Supplementary Explanation Regarding the Lease of Right-of-Use Assets from a Related Party. <p><u>Resolution Status:</u></p> <p>Attendance by the Independent Directors: Directors Chueh, Ming-Fu, Bo-Nian have attended.</p> <p>Opinions of Independent Directors: None.</p> <p>Handling of Independent Directors' Opinions by the Company: None.</p> <p>Resolution: adopted by passage from all attending directors.</p>
2024/08/08	Board of Directors	<ol style="list-style-type: none"> To review the Company's Consolidated Financial Report of 2024 2nd quarter. Application of funding credit line to financial institutions by the Company. Application for offering endorsement and guarantee to the Company's sub-subsidiary HOWON POWERTRAIN CO., LTD. The Company's proposed loan to sub-subsidiary HOWON POWERTRAIN CO., LTD. The Company provide the property to Hefu Construction Co., Ltd. for apply loan extension from financial institution First profit distribution in 2024. Amendment to the Table of Approval Authority. Motion of the amendments to the Company's "Details of Internal Audit Implementation" 2023 Sustainability Report. <p><u>Resolution Status:</u></p> <p>Attendance by the Independent Directors: Directors Chueh, Ming-Fu, Liu, Zheng-Huai and Zhuang, Bo-Nian have all attended.</p> <p>Opinions of Independent Directors: None.</p> <p>Handling of Independent Directors' Opinions by the Company: None.</p> <p>Resolution: adopted by passage from all attending directors.</p>
2024/11/07	Board of Directors	<ol style="list-style-type: none"> To review the Company's Consolidated Financial Report of 2024 3rd quarter. Application of funding credit line to financial institutions by the Company. To make loan of funds to the Company's supplier Jian-Li Enterprise Co., Ltd. Application for provide a US dollar fixed deposit guarantee to the Company's sub-subsidiary HOWON POWERTRAIN CO., LTD. The Company's Audit Plans for 2025. Proposal of the Company's Fiscal Year 2025 Planned Operating Income Budget. To Ratify the distribution of Company's Managers' and Employees' Compensation and Bonus. The Company intends to invest in the establishment of a semiconductor packaging and testing equipment factory. <p><u>Resolution Status:</u></p> <p>Attendance by the Independent Directors: Directors Chueh, Ming-Fu, Liu, Zheng-Huai and Zhuang, Bo-Nian have all attended.</p> <p>Opinions of Independent Directors: None.</p> <p>Handling of Independent Directors' Opinions by the Company: None.</p> <p>Resolution: adopted by passage from all attending directors.</p>
2025/03/13	Board of Directors	<ol style="list-style-type: none"> To review the Company's Business Report, Parent-Company Only Financial Report and Consolidated Financial Report of 2024. The Company's Internal Control System Statement of 2024. To evaluate the Independence of CPAs of the Company.

Meeting Date	Meeting Type	Important Resolutions
		4. Change of Certified Public Accountant. 5. The Company's Retained Earnings Distribution of 2024 6. The Company's 2024 Cash Dividend Distribution Plan. 7. Proposal for Non-Distribution of Earnings of Overseas Subsidiaries. 8. Distribution of Employees' Compensation and Directors' Compensation the Company of 2024. 9. Proposal for Defining the Scope of Basic Employees and Amending the Articles of Incorporation. 10. Amendment to the Company's "Approval Authority Table" 11. Proposal to Establish the "Audit Guidelines for Pre-approval of Non-Assurance Services Provided by the CPA". 12. Proposal to Amend the Company's "Regulations for the Management of Related Party Transactions". 13. To determine the appropriateness of hedging exchange rate risks through the use of financial derivatives instruments in 2025. 14. To Ratify the Company's application for credit of line for funding to financial institutions. 15. Proposal for the Restructuring of the Company's Syndicated Loan Agreement. 16. The Company's Applicable Manager Change and Salary Plans. 17. By-election and Review of an Independent Director of the Company 18. Time, Location and Meeting Procedure for the Company's 2025 Regular Shareholders' Meeting. <u>Resolution Status:</u> Attendance by the Independent Directors: Directors Chueh, Ming-Fu, Liu, Zheng-Huai and Zhuang, Bo-Nian have all attended. Opinions of Independent Directors: None. Handling of Independent Directors' Opinions by the Company: None. Resolution: adopted by passage from all attending directors.

11. Director or supervisors expressing different opinions over Important Resolutions as adopted by the Board of Directors and have records or written statements and their main contents in the most recent year and as of the date of publication of annual report: None.

(IV) Information on the professional fees of the attesting CPAs :

1. Information on CPA (External Auditor) Professional Fees

Amount Unit: NTD Thousand

Name of Accounting Firm	Name of CPA	Auditing Period of the CPA	Public Expenses for Audit	Non-Public Expenses for Audit	Total	Remarks
Ernst & Young Taiwan	Huang, Zi-Ping	2024.01.01-	2,636	475	3,111	Transfer Pricing Fees at NTD 100 Thousand; Traavel Expense at NTD 225 Thousand; Business Sustainability Report at NTD150 Thousand;
	Huang, Yu-Ting	2024.03.31				
	Huang, Zi-Ping Huang, Jing-Ya	2024.04.01- 2024.12.31				

Note: If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees, additionally specify the content of the services

2. Where the CPA firm was replaced, and the audit fees in the fiscal year when the replacement was made was less than that in the previous fiscal year before replacement, the amount of audit fees paid before replacement and reasons for paying this amount : No such occurrence in the Company.
3. 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 : No such occurrence in the Company.

(V) Information on Replacement of Certified Public Accountants:**1. Information on former CPA**

Replacement date	May 11, 2023 (Resolution made by the Board of Directors)		
Replacement cause and explanation	Due to business and management needs, the company will voluntarily terminate the appointment of the original certified accountant, and from the second quarter of 2023, it will be replaced by PwC Taiwan to Ernst & Young Taiwan.		
A statement is the termination or non-acceptance of the appointment by the CPA	Signatory	CPA	Appointee
	Situation		
	Proactive termination of appointment	-	✓
	No further appointments will be accepted (continued)	-	-
Comments and reasons for issuing audit reports other than unqualified opinions within the last two years	None		
Any disagreement with the issuer	Yes		Accounting principles or practices
			Disclosure of financial statements
			Check scope or steps
			Other
	None	✓	
Description			
Other Disclosure Matters (Items 1-4 to 1-7 of Article 10, Paragraph 6 of these Guidelines should be disclosed)	None		

2. Successor CPA

Firm name	Ernst & Young Taiwan
CPA name	Huang, Zi-Ping and Huang, Yu-Ting
Appointed Date:	May 11, 2023 (Resolution made by the Board of Directors)
Matters and results of consultation on the accounting treatment or accounting principles for specific transactions and on the possible issuance of financial statements prior to the appointment	None
Written opinion of the successor accountant on matters of disagreement of the former accountant	None

3. Reply letter from the former accountant on the items 1 and 2 of Article 10, paragraph 6 of this standard: None

(VI) In case any Chairman, President, manager responsible for financial or accounting affairs has been employed in the CPA firm the CPA is affiliated to or its related companies, name, role, and the period for services at the CPA firm the CPA is affiliated to, or its related companies shall be disclosed:

(VII) The State of Any Transfer of Equity Interests And/or Pledge of or Change in Equity Interests by a Director, 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.

1. Changes in Share Ownership of Directors, Managers and Major Shareholders:

Unit: Share

Title	Name	2024		As at March 31, 2025	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease
Chairman	Sheng, Kuo-Jung	0	0	(33,888)	0
Director	Lin, Yen-Huey	0	0	0	0
Director	Lin, Mei-Yu	0	0	0	0
Director	Wang, Hui-O	0	0	0	0
Director	Huang, Feng-I	0	0	0	0
Director	Central Investment Co., Ltd.	0	0	0	0
	Representative: Chang, Yu-Jeng	0	0	0	0
	Representative: Lin, Yue-Hong	0	0	0	0
Director	Kao Fong Machinery Co., Ltd.	100,000	0	0	0
	Representative: Sheng, Chien-Chih	0	0	33,888	0
Director	Hao-Qing Investment Ltd.	0	0	0	0
	Representative: Sun, Yong-Lu	0	0	0	0
Independent Director	Chueh, Ming-Fu	0	0	0	0
Independent Director	Cheng, Wen-Zheng	0	0	0	0
Independent Director	Liu, Zheng-Huai	0	0	0	0
Independent Director	Zhuang, Bo-Nian	0	0	0	0
President	Chen, Chun-Chih	0	0	0	0
Vice President	Sun, Cheng-Zhi	0	0	0	0
Vice President	Shen, Shui-Hsiang	0	0	0	0
Senior Manager	Chen, Tang-Ping	0	0	0	0
Senior Manager	Liu, Jian-Yi	0	0	0	0
Senior Manager	Wu, Zhao-He	0	0	0	0
Senior Manager	Chang, Ren-You	0	0	0	0
Accounting Supervisor	Li, Yuan-Ji	0	0	0	0

Note: The Company has established its Audit Committee to replace supervisors since June 14, 2017.

2. Information in the transfer of equity interests:

Name (Note 1)	Reason for Stock Right Transfer (Note 2)	Transaction Date	Trading Counterpart	Relation of Trading Counterpart to Directors, Supervisors, Managerial Officers and Shareholders holding more than 10% of the Outstanding Shares	Number of Shares	Trading Price
Sheng, Kuo-Jung	Disposition	2025/3/26	Sheng, Chien-Chih	Sheng, Kuo-Jung (Daughter)	33,888	2,439,936

Note1: Refers to Names of the Company's Directors, Supervisors, Managerial Officers and Shareholders holding more than 10% of the Outstanding Shares to be entered in.

Note2: Refers to acquisition or disposition to be entered in.

3. Information in the pledge of equity interests:

As of April 12, 2025

Name (Note 1)	Reason for Changes in Pledge (Note 2)	Change Date	Trading Counterpart	Relation of Trading Counterpart to Directors, Supervisors, Managerial Officers and Shareholders holding more than 10% of the Outstanding Shares	Number of Shares	Shareholding Ratio (%)	Pledge Ratio (%)	Amount Pledged (Redeemed)
Sheng, Kuo-Jung	Pledge	2020/11/17	Taipei Fubon Commercial Bank Anhe Branch	None	1,500,000	1.36	39.57	—
Lin, Yen-Huey	Pledge	2014/9/29	Taipei Fubon Commercial Bank Anhe Branch	None	1,200,000	1.36	99.26	—
		2020/9/28			1,180,000			—
		2020/9/29			620,000			—
		2020/9/30			200,000			—
		2022/5/12			300,000			—
		2023/3/24	Yuanta Commercial Bank Co., Ltd.	None	135,000			—
		2023/5/3			230,000			—
		2023/5/16			254,000			—
		2023/8/14			100,000			—
	Redemption	2023/4/17	Taipei Fubon Commercial Bank Anhe Branch	None	225,000			—
		2023/5/15			220,000			—

Note1: Refers to Names of the Company's Directors, Supervisors, Managerial Officers and Shareholders holding more than 10% of the Outstanding Shares to be entered in.

Note2: Refers to Pledge or Redemption to be entered in.

(VIII) Information on the Top 10 Holders of the company's Shares who Are Identified as Related Parties, Spouses or Relatives within Second-degree of Kinship:

Top 10 Holders of the Company and their Relationships as Related Parties

As of April 12, 2025

Name (Note 1)	Shares Held in Person		Shares Currently Held by Spouse Shares Held		Total Shares Held in Shares Held		Top Ten Shareholders who Are Related Parties, Spouses, or Second-degree Relatives (Note 3)		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or Name)	Relationship	
Chien-Zhan Co., Ltd.	12,334,945	4.41	—	—	—	—	—	—	—
Representative: Shen, Chien-Yu	15,000	0.01	—	—	—	—	Sheng, Kuo-Jung	Sheng, Kuo-Jung is the father of the representative	—
Zhong-Bu Investment Co., Ltd.	11,985,241	4.29	—	—	—	—	Central Motor Co., Ltd. Representative: Chang, Yu-Jeng	The representative of Central Motor is the chairman of the company	Director of the company
Representative: Chang, Yu-Jeng	74,246	0.03	—	—	—	—	Kao Fong Machinery Co., Ltd Representative: Lin, Yen-Huey.	The representative is the director of Kao Fong.	—
Kao Fong Machinery Co., Ltd.	7,442,239	2.66	—	—	—	—	Lin, Yen-Huey	Lin, Yen-Huey is the chairman of the company	Director of the company
							Sheng, Kuo-Jung	Sheng, Kuo-Jung is the legal person director representative of the company.	
Representative: Lin, Yen-Huey	3,802,174	1.36	—	—	—	—	Lin, Mei-Yu	Lin, Mei-Yu is the sister of the Lin, Yen-Huey	Director of the company
Central Motor Co., Ltd.	7,398,108	2.65	—	—	—	—	Zhong-Bu Investment Co., Ltd. Representative: Chang, Yu-Jeng	The representative of Zhong-Bu Investment is the chairman of the company	—
Representative: Chang, Yu-Jeng	74,246	0.03	—	—	—	—	Kao Fong Machinery Co., Ltd Representative: Lin, Yen-Huey.	The representative is the director of Kao Fong.	—
Lin, Yen-Huey	3,802,174	1.36	—	—	—	—	Kao Fong Machinery Co., Ltd. Representative: Lin, Yen-Huey.	Lin, Yen-Huey is the legal person director representative and chairman of the company	Director of the company
Sheng, Kuo-Jung	3,790,282	1.36	37,140	0.01	—	—	Chien-Zhan Co., Ltd. Representative: Shen, Chien-Yu	Shen, Chien-Yu is the daughter of the Sheng, Kuo-Jung	Director of the company
							Kao Fong Machinery Co., Ltd.	Sheng, Kuo-Jung is the legal person director representative	

							Representative: Lin, Yen-Huey.	of the company.	
Lin, Mei-Yu	3,266,000	1.17					Lin, Yen-Huey	Lin, Yen-Huey is the brother of the Lin, Mei-Yu	Director of the company
							Chen, Wei-Da	Chen, Wei-Da is the son of the Lin, Mei-Yu	
Chen, Wei-Da	2,746,000	0.98					Lin, Yen-Huey	Lin, Mei-Yu is the mother of the Chen, Wei-Da	—
Taiwan Life Insurance Co., Ltd.	2,716,923	0.97					—	—	—
Morgan Stanley & Co. International PLC in custody of HSBC	2,087,580	0.75	—	—	—	—	—	—	—

(IX) Number of shares held by the company, directors, Supervisor, managers and entities directly or indirectly controlled by the company in the same reinvestment entity as well as consolidated shareholding ratio.

consolidated shareholding ratio

Unit: Share

Investment in other companies (Note)	Investments of the Company		Investments of Directors, Supervisors, Managers and directly or indirectly controlled businesses		Total Investments	
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Kao Fong Machinery Co., Ltd.	838,878	0.78	19,276,154	17.85	20,115,032	18.62

Note : refers to long-term investments assessed by the Company under equity method.

III. Funding Status

(I) Capital & Shares

1. Sources of capital

A. Sources of Capital

Unit: NTD Thousands (excl. shares counted at NTD)

As of April 12, 2025

Year/Month	Issued Price	Authorized Share Capital		Paid-in Capital		Remarks		
		Number of Shares	Amount	Number of Shares	Amount	Source of Capital	Capital Increased by Assets Other than Cash	Others
May 2008	10	168,000,000	1,680,000	121,673,703	1,216,737	Corporate Bond Transfer to Shares \$ 2,499.85	—	(Note 1)
August 2008	10	168,000,000	1,680,000	121,676,543	1,216,765	Corporate Bond Transfer to Shares \$ 28.4	—	(Note 2)
October 2008	10	168,000,000	1,680,000	131,977,911	1,319,779	Capital Surplus Transfer to Shares at \$ 73,004 Earning Transferred to Capital at \$ 30,009	—	(Note 3)
December 2008	10	168,000,000	1,680,000	123,977,911	1,239,779	Capital Decrease at \$ 80,000	—	(Note 4)
March 2009	10	350,000,000	3,500,000	123,559,365	1,235,594	Capital Decrease at \$ 5,300 Corporate Bond Transfer to Shares \$ 1,115	—	(Note 5)
July 2009	10	350,000,000	3,500,000	173,771,400	1,737,714	Type D Preferred Shares through Private Placement for Cash Capital Increase at \$ 157,800 (Note 7) Corporate Bond Transfer to Shares at \$ 344,320	—	(Note 6)
January 2010	10	350,000,000	3,500,000	174,080,280	1,740,803	Corporate Bond Transfer to Shares at \$ 3,089	—	(Note 8)
May 2010	10	350,000,000	3,500,000	200,310,280	2,003,103	Type E Preferred Shares through Private Placement for Cash Capital Increase at \$ 262,300 (Note 10)	—	(Note 9)
May 2013	10	350,000,000	3,500,000	192,420,280	1,924,203	Type D Preferred Shares through Private Placement for Capital Decrease at \$ 78,900.	—	(Note 11)
November 2013	10	350,000,000	3,500,000	224,233,005	2,242,330	Earning Transferred to Capital at \$ 110,810 Corporate Bond Transfer to Shares at \$ 207,317	—	(Note 12)
May 2004	10	350,000,000	3,500,000	225,297,094	2,252,971	Corporate Bond Transfer to Shares at \$ 10,641	—	(Note 13)
September 2014	10	350,000,000	3,500,000	232,024,084	2,320,241	Capital Surplus Transfer to Shares at \$ 67,270	—	(Note 14)
November 2014	10	350,000,000	3,500,000	232,240,297	2,322,403	Corporate Bond Transfer to Shares at \$ 2,162	—	(Note 15)
May 2015	10	350,000,000	3,500,000	234,956,513	2,349,565	Corporate Bond Transfer to Shares at \$ 27,162	—	(Note 16)
April 2017	10	350,000,000	3,500,000	254,956,513	2,549,565	Shares via Cash Capital Increase at \$ 200,000	—	(Note 17)
August 2020	10	350,000,000	3,500,000	254,517,513	2,545,175	Capital Decrease at \$ 4,390	—	(Note 18)
February 2021	10	350,000,000	3,500,000	279,517,513	2,795,175	Shares via Cash Capital Increase at \$ 250,000	—	(Note 19 、 Note 20)

Note 1: Approved per 2 May 2008 Letter No. Jing-Shou-Shang-09701105440.

Note 2: Approved per 11 August 2008 Letter No. Jing-Shou-Shang-09701191830.

Note 3: Approved per 9 October 2008 Letter No. Jing-Shou-Shang-09701258300.

Note 4: Approved per 8 December 2008 Letter No. Jing-Shou-Shang-09701305530.

Note 5: Approved per 16 March 2009 Letter No. Jing-Shou-Shang-09801048520.

Note 6: Approved per 20 July 2009 Letter No. Jing-Shou-Shang-09801168680.

Note 7: On July 30, 2009, a cash capital increase at \$ 157,800,000 was made through issuance of preferred shares through private placement, with the total amount of private placement at NTD \$ 102,570,000.

Note 8: Approved per 29 January 2010 Letter No. Jing-Shou-Shang-09901019460.

Note 9: Approved per 14 May 2010 Letter No. Jing-Shou-Shang-09901099780.

Note 10: May 14, 2010, a cash capital increase at \$ 262,300,000 was made through issuance of preferred shares through private placement, with the total amount of private placement at NTD \$ 236,070,000.

Note 11: Approved per 15 May 2013 Letter No. Jing-Shou-Shang-10201086560.

Note 12: Approved per 27 November 2013 Letter No. Jing-Shou-Shang-10201235950.

Note 13: Approved per 21 May 2014 Letter No. Jing-Shou-Shang-10301093110.

Note 14: Approved per 30 September 2014 Letter No. Jing-Shou-Shang-10301198260.

Note 15: Approved per 19 November 2014 Letter No. Jing-Shou-Shang-10301238140.

Note 16: Approved per 1 May 2015 Letter No. Jing-Shou-Shang-10401062640.

Note 17: Approved per 11 April 2017 Letter No. Jing-Shou-Shang-10601042200.

Note 18: Approved per 21 August 2020 Letter No. Jing-Shou-Shang-10901161830.

Note 19: Approved per 8 October 2021 Letter No. Financial-Supervisory-Securities-Corporate-1090359334.

Note 20: Placement extension with a period of 3 months is approved per 17 December 2020 Letter No. Financial-Supervisory-Securities-Corporate-1090377615.

B. Types of Shares

Unit: Share

Type of Shares	Authorized Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common Shares	279,517,513(Listed)	70,482,487	350,000,000	-

C. Information Related to Shelf Registration

Type of Securities	Expected Quantity Issued		Quantity Issued		Issuance Purpose and Expected Benefits of the Issued Portion	Expected Issuance Period for the Unissued Portion	Remarks
	Total Number of Shares	Approval Amount	Number of Shares	Price			
—	—	—	—	—	—	—	—

2. List of Major Shareholders

April 12, 2025 (Unit: Share)

Shares Name of Shareholder	Shares	Number of Shares Held (share)	Shareholding Ratio (%)
Chien-Zhan Co., Ltd.		12,334,945	4.41
Zhong-Bu Investment Co., Ltd.		11,985,241	4.29
Kao Fong Machinery Co., Ltd.		7,442,239	2.66
Central Motor Co., Ltd.		7,398,108	2.65
Lin, Yen-Huey		3,802,174	1.36
Sheng, Kuo-Jung		3,790,282	1.36
Lin, Mei-Yu		3,266,000	1.17
Chen, Wei-Da		2,746,000	0.98
Taiwan Life Insurance Co., Ltd.		2,716,923	0.97
Morgan Stanley & Co. International PLC in custody of HSBC		2,087,580	0.75

3. Dividend Policy and Implementation Status

(1) Dividend policy as set out in the Articles of Incorporation:

The Company's profit distribution or loss offsetting shall occur at the end of each semi-annual accounting period. The proposal for profit distribution or loss offsetting for the first half of the accounting year shall be submitted to the Board of Directors for resolution, following review by the Audit Committee along with the business report and financial statements.

If there is a surplus in the Company's annual financial statements, the earning shall by sequence pay taxes, make up for previous losses, withdraw 10% legal reserve, except the legal reserve has reached the paid-in capital. After the special reserve is withdrawn or reversed in accordance with the law, the "dividend of special shares should be distributed in priority in the current year, and the accumulated undistributed dividends in previous years". If there are remaining profits, these, together with undistributed profits from the previous year, constitute accumulated distributable profits. The Company, considering financial, operational, and business factors, may decide by the Board of Directors to distribute all or part of the accumulated distributable profits as dividends for the current year. Cash dividends must not be less than 20% of the total dividend distribution. If dividends are distributed by allocating to statutory reserves or capital reserves, or partly or wholly in cash, a decision must be made by the Board of Directors with the attendance of at least two-thirds of directors and the agreement of a majority of those present, and this decision must be reported to the shareholders' meeting. If distributed by issuing new shares, it shall be done after approval by the shareholders' meeting.

(2) Distribution of dividends proposed for the year:

- A. The amount and distribution date of the Company's cash dividend in the first half and the second half of year 2024 are stated below:

Year (2024)	Approval date (Month/Day/Year)	Distribution date (Month/Day/Year)	Cash dividend per share (NT\$)	Total amount of cash dividend (NT\$)
First half of the year	August 08, 2024	NA	0	0
Second half of the year	March 13, 2025	May 15, 2025	0.8	223,614,010
Total :			0.8	223,614,010

- B. Shareholder cash dividend was distributed to the nearest dollar (with amounts of less than NT\$ 1.00 unconditionally rounded down), and the fractional sum of less than NT\$ 1.00 shall be included as the Company's other revenue, and the chairman shall be authorized to set ex-dividend record date, distribution date and other relevant matters.
- C. If conducting private placement common stock, repurchase treasury stock or treasury stock transfer or write-off, convertible corporate bond or employee warrant certificate exercise, etc., it affects the number of common stock outstanding, and causes the change of shareholder payout ratio, the board of directors shall be authorized to adjust with full discretion.

(3) There is no expected event of major variations to dividend policies in the Company.

4. The impact of the gratuitous allotment of shares proposed at this Shareholders' Meeting on the Company's operating performance and earnings per share: Not applicable.

5. Employees' Bonus and Directors' Compensation

- (1) In accordance with Articles of Incorporation of the Company, after deducting accumulated losses from the current year's profit, if there is a profit, the Company shall set aside no less than 2% as Employees' Compensation, distributed in shares or cash as resolved by the Board of Directors. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive shares or cash; the Company may, based on the amount of the above profit, distribute an amount not more than 5% as Director's compensation. Employee compensation and Director's compensation distribution shall be reported to the shareholders meeting. However, the loss shall have been covered before distributing Employees' Compensation and Directors' compensation in proportion to the preceding paragraph.

- (2) The Company's 2024 Employees' Compensation and Directors' Compensation are estimated as follows:

Distribution Items	Amount
Employees' Compensation (Cash)	5,000,000
Directors' Compensation (Cash)	1,200,000
Total	6,200,000

- (3) Proposals on Distribution of Employees' Compensation and Directors' Compensation as adopted by the Board of Directors:

As per profit in 2024 and estimated at 2.16% and 0.52% respectively, the Board of Directors has resolved to distribute Employees' Compensation at NTD 5,000,000 and Directors' Compensation at NTD 1,200,000 in cash.

- (4) For the actual distribution of employee bonus and director remuneration for the last year (including number of shares distributed, amount and share price), if there is any difference with the recognized employee bonus stock and directors' remuneration, the amount of the difference, reasons and the way it was dealt should be explained.

- A. Actual Distribution of the Employees' Bonus and Directors in the Preceding Year:

Distribution Items	Amount
Employees' Compensation (Cash)	8,100,000

Directors' Compensation (Cash)	2,946,925
Total	11,046,925

- B. Any differences between the above amounts and the recognized employee bonus stock and directors' remuneration should be explained, including the amount of the difference, reasons, and treatment: There was no difference.

6. Share Repurchases: Still in progress.

(1) Buyback of Treasury Stock (Completed)

Buyback Period	1 st Batch	2 nd Batch	3 rd Batch
Board of Directors Resolution Date	2008/07/03	2008/10/06	2020/03/26
Buyback Purpose	Maintaining Company Credit and Shareholders' Equity	Maintaining Company Credit and Shareholders' Equity	Maintaining Company Credit and Shareholders' Equity
Buyback Duration	2008/07/04~2008/09/03	2008/10/07~2008/12/06	2020/3/27~2020/4/24
Price Interval for Buyback	NTD 20~53 per Share	NTD 14.6~37.40 per Share	NTD 60~90 per Share
Type of Shares Bought Back and Their Quantities	8,000,000 Shares	530,000 Shares	439,000 Shares
Amount Represented by the Shares Bought Back	NTD 258,855,338	NTD 7,658,642	NTD 35,009,873
Ratio of Number of Shares Bought Back to Estimated Buyback (%)	100%	12.93%	7.31%
Number of Shares with Cancellation Conducted and Transferred	8,000,000 Shares	530,000 Shares	439,000 Shares
Cumulative Number of Shares of the Company Held	0 Shares	0 Shares	0 Shares
Ratio of Cumulative Number of Shares of the Company Held to the Total Number of Shares Issued (%)	0%	0%	0%

(2) Buyback of Treasury Stock (In progress)

As of May 7, 2025

Buyback Period	4 th Batch
Board of Directors Resolution Date	2025/04/09
Buyback Purpose	Maintaining Company Credit and Shareholders' Equity
Type of Shares Bought Back	Common Shares
Maximum amount of shares that can be repurchased	NTD 5,592,551,220
Scheduled buyback period	2025/04/10~2025/06/09
Scheduled buyback quantity	15,000,000 Shares
Price Interval for Buyback	NTD 40~70 per Share
Type of Shares Bought Back and Their Quantities	438,000 Shares
Amount Represented by the Shares Bought Back	NTD 25,105,898
Ratio of Number of Shares Bought Back to Estimated Buyback (%)	2.92%

(II) Issuance of Corporate Bonds:

1. Status of corporate bonds

Categories of corporate bonds		The Fourth Domestic Unsecured Convertible Corporate Bonds
Date of issuance		August 12, 2024
Denomination		NT\$100,000 per bond
Venues of issuance and transaction		Taipei Exchange
Price of issue		100% of the face value
Total amount		NT\$1.5 billion
Interest rate		Coupon 0%
Duration		Three years due on August 12, 2027
Guarantee agency		N/A
Trustor		Land Bank of Taiwan Co., Ltd.
Underwriter		Taichung Bank Securities Co., Ltd.
Certifying Attorney-at-Law		Hanchen Law Firm Lawyer Peng, Yi-Cheng
CPA		Ernst & Young Taiwan CPA Huang, Zi-Ping, CPA Huang, Jing-Ya
Means of repayment		Conversion by the bondholder to the Company's ordinary shares according to Article 10 of the Regulations Governing the Issuance and Conversion, or exercise of the sell-back right by the bondholder according to Article 19, or the Company's call back according to Article 18 of the Company Act, or the Company's buyback from the securities company's venue and cancellation. Bond repayment to bondholders in cash at full face value when due.
Outstanding principal		NT\$1.5 billion
Terms regarding redemption or payback prior to expiry		Please refer to the Company's Regulations Governing the Issuance and Conversion of fourth Tranche of Unsecured Convertible Corporate Bonds in Taiwan
Restrictive terms		Nil
Title of the credit rating institution, rating date, results of corporate bonds rating		Nil
Affiliated with other rights	Amount of ordinary shares converted as of the date of printing of annual report	Nil
	Terms on issuance and conversion	Please refer to the Company's Regulations Governing the Issuance and Conversion of fourth Tranche of Unsecured Convertible Corporate Bonds in Taiwan
Issuance and conversion, exchange or subscription terms; terms on issuance toward the potential effect of dilution of equity and the impact upon the current shareholders' interests.		The convertible corporate bonds do not have the dilution effect on the equity before the creditors demand the exercise of the conversion right. The creditors can choose to convert at a more favorable time point during the convertible period, so the dilution has the effect of deferred dispersion. Effective from April 16, 2025, the conversion price is \$47.6. If the outstanding corporate bonds are fully converted at the current conversion price, the equity expansion rate is expected to be about 10.13%, with limited impact on shareholders' equity.
Title of the institution commissioned into custody of the target of exchange		N/A

2. Information on convertible corporate bonds

Unit: NT\$

Type of Corporate Bonds		The Fourth Domestic Unsecured Convertible Corporate Bonds
Year		As to April 30, 2025
Market price of the convertible corporate bonds	Highest	130.3
	Lowest	99.5
	Average	111.51
Conversion price		The conversion price was adjusted to: NT\$71.47 effective April 16, 2025 due to the distribution of the 2024 annual dividend
Issue date and conversion price at issuance		August 12, 2024 : 72.26
Fulfilling the conversion obligation		Issuing new shares

(III) **Issuance of Preferred Shares:** None.

(IV) **Issuance of Global Depositary Receipts:** None.

(V) **Issuance of Employee Stock Options and Restricted Employee Shares:** None.

(VI) **Issuance of New Shares in Connection with the Merger or Acquisition of Other Companies:** None.

(VII) **Implementation of Capital Allocation Plans:**

- The fund utilization plan and estimated progress
The total amount of funds raised by the Company's fourth domestic unsecured convertible corporate bond issuance is NT\$1,500,000,000. All the funds raised will be used to repay bank loans, reduce interest burden, improve financial structure, reserve future debt space, and increase fund scheduling flexibility to avoid the impact of poor economic conditions or other major events on the global economy, causing financial institutions to tighten credit, thereby increasing the Company's financial operating risks. It is expected that the fundraising will be completed in the third quarter of 2024 and the bank loans will be repaid as planned.
- Progress of fund utilization
The proceeds from this issue of corporate bonds were discharged in the third quarter of 2024, as expected.

IV. Operational Highlights

(I) Business Content

1. Scope of Business:

(1) Main Business Contents of the Business Operated

- A. Other Transport Equipment and Parts Manufacturing.
- B. Mechanical Equipment Manufacturing.
- C. Other Machinery Manufacturing.
- D. Other Electrical Engineering and Electronic Machinery Equipment Manufacturing.
- E. Motor Vehicles and Parts Manufacturing.
- F. Bicycles and Parts Manufacturing.
- G. Motor Vehicles and Parts Manufacturing.
- H. Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- I. Electronics Components Manufacturing.
- J. Wholesale and Retailing of Hardware.
- K. Wholesale and Retailing of Construction Materials.
- L. International Trade.
- M. Medical Materials and Equipment Manufacturing, Wholesale and Retailing.
- N. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

(2) Ratio of Main Products in Operations

2024 Ratio of Main Products in Operations

Product Name	Percentage %
Motorcycle Gears and Axles	10.37
Automotive Gears and Axles	87.72
Others	1.91
Total	100.00

(3) Items for Current Products and Services of the Company

- A. Gears and Axles for Motorcycles.
- B. Gear shaft, gearbox parts, differentials, torque conversion system, etc. for heavy trucks.
- C. Parts for Reductive Drives.
- D. Epicyclic Gearing Sets for CVT.
- E. Transmission Gear and Axles for Motorcycles.
- F. Oil Pump Gears and Axles.
- G. Components for Reductive Gears of Electric Cars.
- H. Parts for Hydraulic Systems of Satellites.
- I. Electromechanical system for Electric Cars.
- J. Aerospace parts.

(4) Items of New Products and Services Under Planned for Development

The Company has in recent years been making efforts in the orientation of product differentiation and market segmentation, committed to the development of products at high unit price and with high added value, while continuing in contributions of the development of green energy car-related components to maintain its competitive advantage in the market and stabilize number of customer orders. To respond to industrial upgrading and expand business, the Company has also successively purchased high-end precision machinery and detecting instruments, cultivated R&D and design talents, engaged in new product development, and shortened the development time to meet customer needs.

The focus of this year's research and development is mainly to develop transmission systems for various vehicles and to develop precision gears and transmission shafts required for green energy, environmentally friendly vehicle reducers, and aerospace components. The estimated products under R&D are as follows:

- A. Parts and Components for US Automotive Auto Transmission.
- B. Parts and Components for US Automotive Torque Converter.
- C. Parts and Components for New Transmissions of High-End Motorcycles.
- D. Oil Pump Gear for US Industrial Machines.
- E. Parts for Gearboxes of US Agricultural and Construction Machinery.

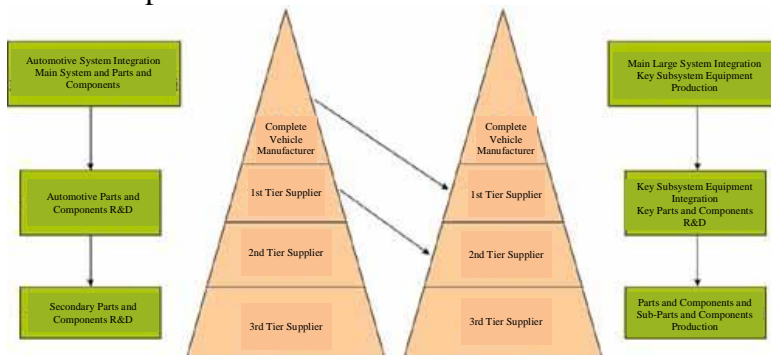
- F. US Patented Limited-slip Differential.
- G. Parts and Components for Air Compressors in Brake Systems for Trucks.
- H. Parts and Components for reductive drive of US Electric Cars and their assembly.
- I. Bevel gears, and assembly for bevel gear differentials.
- J. Epicyclic Gearing Sets for Gearbox of Hybrid Cars.
- K. Electric vehicle high-efficiency power transmission system assembly
- L. Aerospace parts.

2. Industry Overview

(1) Status Quo and Development of Industry

The Company is a professional manufacturer of transmission components for automobiles and motorcycles, with main scope of business in the manufacturing, processing and sales of gears, shafts and various transmission components for automobiles, trucks, motorcycles, agricultural machinery, machines and Aerospace, etc.

As far as the automobile and motorcycle component industry structure is concerned, the part and component industry and the automobile and motorcycle industry form a typical synergy structure, which central vehicle manufacturer outsource the parts and components to the Tier 1 supply plants, and the Tier 1 supply plants will then subcontract the production and manufacturing of parts and components to Tier 2 and Tier 3 automotive parts suppliers, which then becomes a multi-level labor division structure. In addition, divided by sales subjects, the manufacturers can be divided into original equipment manufacturer (OEM), original design manufacturer (ODM), original equipment supplier, (OES) and after-market (AM), therefore, automotive and motorcycle parts and components industry are the critical upstream industry for complete vehicle manufacturers for automobile and motorcycles, showing a close relationship between the two tiers.



(Source: ITRI)

The automobile and motorcycle industry is one of Taiwan's important manufacturing industries, with about 2,500 companies engaged in the manufacture of parts and components related to the automobile and motorcycle industry, among which contain a majority of manufacturers having developed flexible manufacturing technologies for production of parts in multiple types at small quantities through partial process automation, with the quality also in line with international standards. However, due to the smaller scale of the Taiwanese market and the lack of economies of scale in production, the market for Taiwanese parts and components manufacturers in cooperation with complete-vehicle OEM production and distribution is relatively limited, thereby diminishing the profitability of parts and component manufacturers. Therefore, domestic automobile parts and component manufacturers turn to the international market, in which the Companies may enter the global supply chain of OEM parts for international car manufacturers by obtaining certification from major international manufacturers. At present, the trend in the electric vehicle industry is growth, with major international automotive manufacturers actively transitioning to the design and manufacturing of electric vehicle. This is likely to result in outsourcing orders, leading to a significant increase in external procurement demand. Therefore, for all automobile and motorcycle component factories, they ways of becoming a trading counterpart of major international manufacturers has become an important business goal.

(2) The relevance of the industry's upstream, midstream and the downstream

The Company is affiliated with the upstream industry of automobile and motorcycle industry, mainly manufacturing products including gears and shafts for automobile and motorcycle

transmission systems, and the relevance with the upstream, midstream and downstream within the same industry is as follows:



(3) Product Development Trend

The main sales markets of automobile and motorcycle parts and components are America, Europe and Asia, while major international manufacturers are mostly having their layouts in North America and Europe. Due to the vehicle safety requirements of international manufacturers, strict certification standards have been promulgated, making it uneasy for general manufacturers to penetrate the component supply chain. Domestically produced parts and components may not gradually increase their market shares in the supply chain of major international automobile manufacturers if without the competitive price and good quality. At present, foreign competition are originated from America, Japan, and Korea, among which American and Japanese manufacturers are relatively less competitive due to their high cost even with advanced R&D technologies; as for Korean manufacturers, they remain inferior to domestic manufacturers in terms of processing technology, product quality and resilience, having little influence in the supply chain of international manufacturers; therefore, domestic manufacturers still have considerable room for development in the automotive and motorcycle parts and components market.

In recent years, a fierce competition in the automotive industry in Europe and the United States can be witnessed, and the requirement of cost rationalization has been one of the important factors for its sustained survival. In addition, the supply and demand from China has become an increasing proportion of the world, and the quality has been gradually improved. Our industry will only obtain the critical keys to sustainable management of enterprises when having ongoing increase and facilitation in high-tech product R&D, quality and efficiency.

(4) Market Competition Situation

The Company has obtained ISO/TS16949, ISO14001, ISO45001 and AS9100D international certifications, is a professional manufacturer specialized in transmission systems and publicly traded in stock market, and is currently the professional manufacturer of transmission systems with highest sales proportion to European and American OEMs. Credited from the Company's competitive edges for its state-of-the-art equipment, strongest R&D capability, and the most stable product quality in the domestic automobile and motorcycle gear industry, yielding it a significant lead in the industry in terms of turnover and production scale.

3. Technology and R&D Overview

(1) Technical level and R&D of the business

The Company is a professional manufacturer of transmission gears and parts and components for automobile, motorcycle and mechanical products, with extreme valuing of product research and development and R&D team. As the Company has adopted relevant technology through self-development since its establishment, products of the Company are not only cost-effective but also have a comparative advantage in the development or modification of subsequent products. The Company has worked with Company A, a major large truck gearbox assembler from the US, in development of engine rear-wheel drive shafts, shift forks, and sliders for big trucks; with US Company E in joint research and development of heavy-duty truck differentials; with American Company B in synchronous R&D of torque conversion system components; with US Company C in R&D of Oil Pump Gears; with Italian Company B in R&D of mechanical reducer gear sets; with British Company T in synchronous R&D of heavy-duty motorcycle transmissions components; with France Company K in development of air compressor components; with Italy Company P in reducer components; with US electric car Company T and Company R in transmission components; with Austrian Company B in gearbox components; with Germany Company B in electric motorcycle components, and has seized many other successful R&D achievements.

(2) R&D Personnel and Their Education Background and Working Experiences

The Company has 41 R&D personnel up to the date of annual report publication, accounting for 4.64% of the total employees of the Company. All R&D staff are with credentials of bachelor or above, while most of the main supervisors have R&D experience in related fields, forming the premium human resources composition of the Company.

(3) R&D Expense in the Most Recent Year

Unit: NTD Thousands

Year	R&D Expense	Operating Revenue	Ratio of R&D Expense to Revenue
2024	95,449	5,774,470	1.65%
Q1 2025	20,333	1,234,196	1.65%

(4) Technology or Products Successfully Developed in the Most Recent Year

The Company's Research Results of the Most Recent Year is as follows:

Year	Product Name
2023	Reductive Drive Set and Gears for Electric Cars. Parts of Torque Conversion System Sets and Differential Sets of Automobile. Parts and Components of Aeronautics and Space Industry. Electric motorcycle motor shaft parts. Mid drive electric motor module
2024	Automobile Drive Shaft Parts and Components of Aeronautics and Space Industry. Reductive Drive Set and Gears for Electric Cars. Electric motorcycle motor shaft parts. Mid-motor gear sets for electric bicycles Heavy machinery rear axle
Q1 2025	Automobile Drive Shaft Electric vehicle reduction gear set. Electric vehicle motor shaft. Electric motorcycle motor shaft parts. Electric vehicle mid-mounted motor unit Heavy machinery rear axle

4. Long- and Short-Term Business Development Plans

(1) Short-Term Plans

- A. Implementation of IATF/16949 international quality assurance system and ISO14001, ISO45001 environmental safety and health system.

To further implement the quality assurance system, improve the business characteristics, enhance product quality and efficiency, reduce costs and strengthen competitiveness, the Company establishes a synergy system centered by the Company, strengthening total quality management (TQM) activities, implementing lean productions (TPS), Quality System Basic (QSB), etc., striving to become an international supplier.

The Company strives to implement ISO 14001 and ISO45001 environmental safety and health certification systems, improve workplace environmental safety and health, and respond to environmental protection, energy conservation and carbon reduction issues, has passed ISO 50001 Energy Management System, and obtained ISO 14064 greenhouse gas inventory and ISO 16047 carbon footprint certifications.

- B. Take all-out efforts to enter the field of international electric vehicle parts and components to expand to international market.

The Company is mainly received OEM orders and develops the USA, Europe, and China's sales market for automobile components which account for more than 90% of the Company's total sales.

In addition, compared with the development of the market for the fuel-powered vehicles, the Company values more to the booming trend of global electric vehicles in the future, and actively develops business opportunities amongst the transition by major

international car manufacturers to electric vehicles, such as American, Japanese and Europe markets, to implement the layout and decentralization of international sales in consideration of market and regional risks. The development of electric vehicle parts and components in various countries is indeed another battlefield for the Company's future product marketing strategy.

C. Enhancing production efficiency and increasing productivity

Owing to the gradual expansion of the Company's scale of operations, in 2003, the Company entered the Central Taiwan Science Park, followed by official inauguration of the CTSP plant in 2006. In 2014, the Company expanded its production with construction of Dali 3rd plant in 2014, and built the new Chiayi Plant in 2015, which was joined by the expanded 2nd plant in 2017, 3rd plant in 2019 and Phase 1 of 5th plant in 2022 and the Company expanded the new plant at 1088 Dali in 2023; meanwhile, after obtaining the license in April 2021, the Company promoted synergy with the newly purchased automated machinery and equipment and detecting instruments and other advanced technologies, with active planning on multiple sets of automated production lines as well as an intelligent plant (intelligent CPS system) in the Chiayi plant and introduction of MES system and AGV (Automated Guided Vehicle) systems in the CTSP plant and Dali plant to improve the Company's production productivity and efficiency.

D. Enhancing R&D capabilities and strengthening international competitiveness

In response to the rapidly increasing number of commission cases for the development of new products abroad, the Company, to its R&D personnel, on the one hand strengthens its professional training for R&D personnel to acquire new knowledge and on the other hand implements the new product R&D regulations of IATF/16949 to shorten the R&D time and improve the mass production process, To enhance product quality, to reduce production costs, and to strengthen corporate competitiveness. In addition, the Company has completed the joint MOEA A+ Industrial Innovation R&D Program, The Taiwan Industry Innovation Platform Program, etc., which can significantly improve the Company's R&D capabilities, and can be of help to the Company's upgrades of patents at current state to high value-added systematic products.

E. Profitability Product transition and upgrading to enhance profitability

Production of motorcycles and other gears and shaft parts currently accounts for 12.28% of the total production amount of the Company, and 87.72% for automobile components. The Company strengthens cooperation with major international automobile manufacturers through international marketing activities. Due to the ferocious price competition of single parts, the Company has now transformed the production of systematic component products to increase the added value and competitiveness of the products with a view to exit the vicious competition of single parts and to stabilize number of orders.

(2) Long-Term Plans

A. Continuous product upgrade

In terms of product transformation and upgrade strategy, in addition to the development and manufacturing of transmission parts for the existing fuel-powered vehicles, the Company is actively transforming the development of reductive drive gear component for green-energy vehicles such as hybrid cars and electric vehicles; for various precision gear special machine tools, the development and application of such is also heading toward the energy-saving and safety norms. In the future, the Company look forward to providing customers with comprehensive product planning, imprinting our expertise and experience in each product, and mass production to create a wider product range and enhance profitability and international competitiveness.

B. Marketing Strategy and Operation Plans

The European and American markets have always been the driving force in the development of the automotive industry and is an advanced and well-credited international market. Therefore, compared with European and American regions subject to high wages, automotive components and components of our nation are relatively competitive. At present, the Company in the European and American auto parts market has cooperated with major auto assembly center factories to open up marketing channels.

In recent years, with the development of the auto market and the growth potential of emerging markets in mainland China, the Company will utilize its European and American experience as a foundation to gradually expand in mainland China and emerging markets, and at the same time strengthen the R&D of high value-added systemic new products, expand sales in the European and American markets, establish own branding and accelerate the pace of internationalization.

C. R&D Plan

a. Strengthening the functions of the R&D team

We actively strengthen the organization and functions of the R&D team, fully promoting high-quality automobile and motorcycle transmission parts and components, and enhance the added value of products to increase profitability.

In the long run, the Company regards the transmission system as sales and distribution market of its final product production, actively collects various transmission system products with the goal of diversified operations. The Company currently has R&D capability in collaborative development of electric vehicle reductive gearboxes, hoping to accelerate the schedule for commercialization and mass production to create a competitive niche for the Company.

b. Vertical Integration and Diversified Development of Products

For decentralization of the market meanwhile integrating the Company's R&D momentum, the Company will continue its upward development of precision CNC gear processing machines (such as shaving machines, beveling machines, gear hobbing machines, measuring instrument), etc., to reduce the Company's future capital expenditures and expand product lines.

D. Production Automation

Following with the R&D function to improve productivity and production efficiency, the Company plans to build automated production lines gradually and purchase fully automated and semi-automated machinery and equipment to reduce labor costs. The new plant in Dapumei, Chiayi is also equipped with automated production lines and detecting instruments, making it an intelligent plant. The Company remains introducing the latest machinery and equipment, such as central processing machines, high-precision grinders, conversion machines, laser cutting machines, high-frequency heat treatment and advanced detecting instruments, etc., ultimately achieving benefits of work force reduction and quality improvement.

(II) Market and Production & Promotion Overview

1. Market Analysis

(1) Sales and Offering Regions for Main Items and Services

The Company mainly engages in the manufacturing and sales of gears, shafts and various transmission parts for automobiles, motorcycles, agricultural machinery, machine tools, etc., and currently supplies domestic automobiles and motorcycle manufacturers as well as automobiles, trucks, heavy machines assemblers in Europe, America, Asia and other regions. The main sales area for export is the United States. The sales are up to the main products in the 2 Most Recent Fiscal Years are as follows:

Unit: NTD Thousands

Year Region	2024		2023	
	Amount	Proportion (%)	Amount	Proportion (%)
America	2,983,163	51.66%	3,611,939	54.73%
China	331,481	5.74%	543,810	8.24%
Taiwan	522,257	9.04%	227,665	3.45%
Europe	1,493,143	25.86%	1,753,084	26.57%
Other	444,426	7.70%	462,732	7.01%
Total	5,774,470	100.00%	6,599,230	100.00%

(2) Market Share

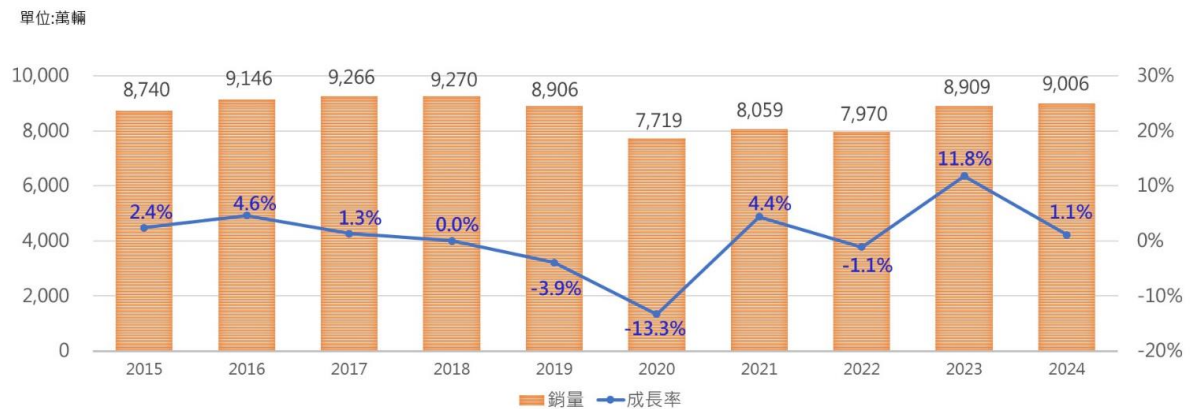
Motorcycle Gears and Axles produced by the Company in 2024 accounted for approximately 2.20% of the total output value of the domestic automotive parts and components market. In

terms of Automotive Gears and Axles, the Company is currently the first publicly traded company in Taiwan exporting to OEMs overseas.

(3) Market Supply & Demand Status and Growth

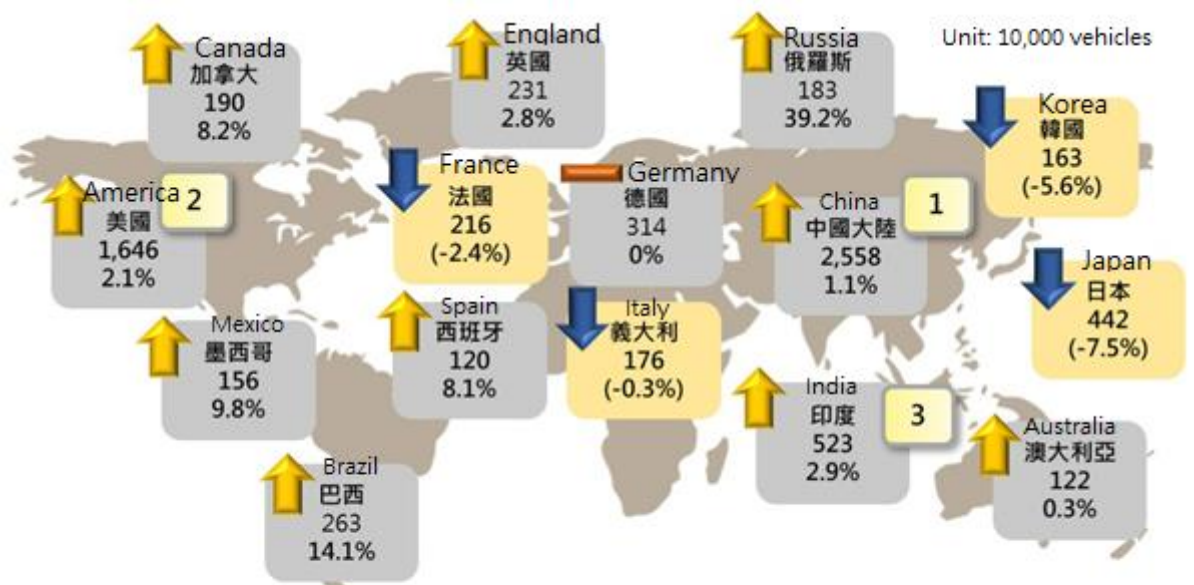
In 2024, global automobile sales totaled 90.06 million units, representing a year-on-year growth of 1.1%. Due to high interest rate policies in certain countries and a slowdown in economic growth, momentum in the automotive market has begun to stabilize.

Picture 1. Changes in global auto market sales volume and growth rate



資料來源：MarkLines（截至2025/4/1統計），車輛中心整理

Picture 2. Overview of sales in major global automobile markets in 2024



資料來源：MarkLines（截至2024/4/1統計），中國汽車工業協會、乘用車市場信息聯席會，車輛中心整理

The global electric vehicle market (battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs)) continued to grow compared to traditional fuel vehicles in 2024, with annual sales of approximately 17.76 million units (25% growth) and a market-to-sales ratio of 20%. The main growth was in China, which accounted for 64.7% of the global market. This was followed by the European market and North America in third place.

Picture 3. Global electric vehicle market sales and growth rate in recent years

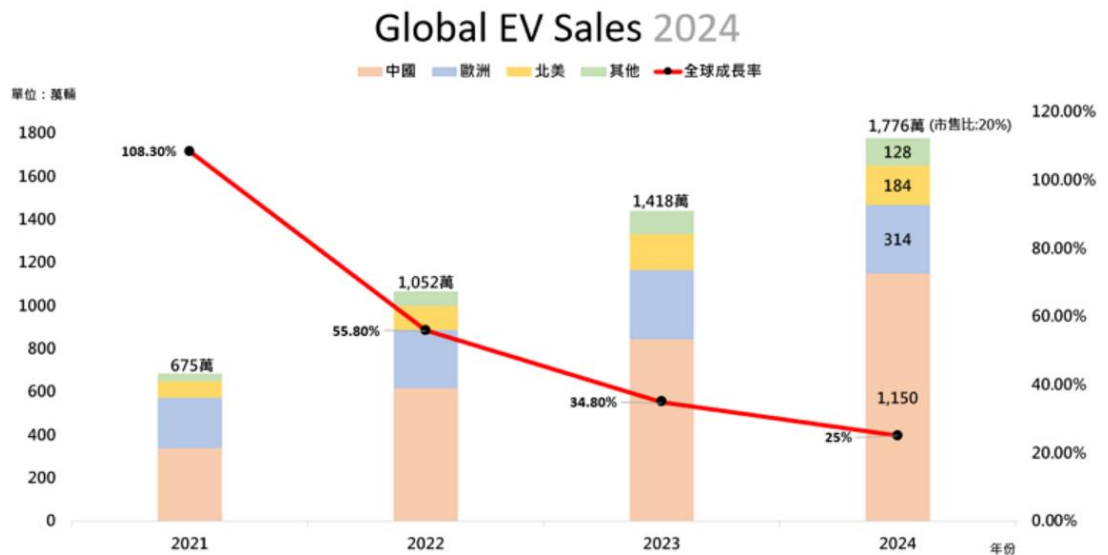


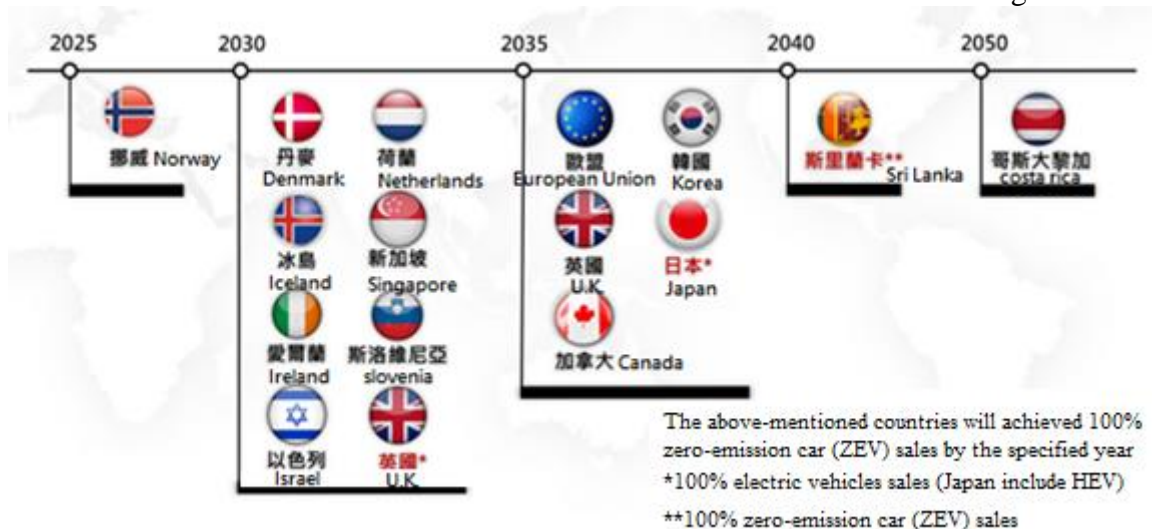
圖1、全球電動車市場近年銷量與成長率

資料來源：EV-Volumes，車輛中心整理

In response to the trend of greenhouse gas reduction and stringent global government regulations, international vehicle manufacturers focus their resources on key systems and components for emerging electric vehicles to develop energy-efficient and carbon-reducing electric vehicles and gradually reduce the proportion of research and development and investment in internal combustion engines.

A number of international car manufacturers have announced that they are accelerating their transition to electric vehicles and have set specific targets for the launch of electric models and sales volumes. For example, Mercedes-Benz, the European benchmark, is aiming to launch all new models after 2025 with an electric vehicle option.

Picture 4. Global zero-emission vehicle mandates and internal combustion engine bans



Source: International Energy Agency (IEA) , Organized by Vehicle Center

The global automotive market experienced slower growth in 2024 compared to 2023. How governments stimulate domestic automotive demand will become a key focus of future policy direction. Additionally, U.S. President Donald Trump officially imposed a 25% tariff on automobiles on April 3, 2025. Starting May 3, tariffs of 25% will also apply to 130 automotive components, including engines, transmissions, and automotive electronic parts based on HTS codes. These measures are expected to negatively impact the global automotive industry, potentially triggering a downturn in the U.S. automotive market. In response, many automakers have already formulated production cutback and layoff plans in

an effort to weather this new wave of trade conflict, which presents another major challenge for the industry.

(4) Competitive Niche

A. Premium Product Quality

The Company attaches great importance to product quality and was an industry leader in obtaining the IATF 16949 quality certification, becoming the first company in the domestic gear industry to obtain IATF/16949 quality certification. In addition, the quality of a motorcycle has a close relationship with the quality level of its parts and components. As the company has strict requirements on product quality, its product quality is highly acclaimed, and the Company has not received any major customer complaints in recent years.

B. Flexible production strategy and complete product specifications

In response to market needs, the Company not only produces gears and shafts for automobiles and motorcycles, but also produces gears and shafts for trucks, forklifts, agricultural machinery, industrial machinery, etc., and its production line features high mobility which can fully meet customer needs. All are made to expand market share and increase its competitiveness.

C. Strong R&D capabilities, complete deployment of professional talents, and leading development of high value-added products

The Company attaches great importance to the R&D of product, therefore employing R&D personnel whose education background, working experience and professional knowledge are the top-notch amongst the counterparts. The Company actively introduces advanced research and testing equipment and has successively cooperated with well-known American and European manufacturers in joint R&D of parts and components required by OEMs and after markets at current stage, evidencing the strong R&D capability of the Company.

D. Precision testing instruments and production machines

Automated machinery and equipment and precision testing instruments are effective instruments for the Company to take large international orders. Therefore, to improve product quality and reduce labor costs, the Company spares no effort in introducing high-performance, high-precision and automated machinery and detecting instruments to get itself equipped with capability to take large-scale orders. At the same time, the Company roots its technological independence, simultaneously developing precision gear processing machines and optical detecting instruments to seal the Company's position as a leading manufacturer of transmission parts and components.

(5) Favorable and unfavorable factors of development prospects and their countermeasures

A. Favorable Factors

a. Continued growth in market demand for electric vehicles

The global electric vehicle market is rising, and the demand for electric vehicles continues to grow. With various countries setting net-zero carbon targets and many automotive manufacturers aligning their goals accordingly, coupled with factors such as the gradual affordability of electric vehicles, the annual total sales volume is projected to exceed 23 million vehicles and continue to grow. The Company is a leading exporter of gears and shafts for domestic automobiles and motorcycles and one of the first manufacturers to transition into producing electric vehicle reduction gear mechanisms. The Company has a full understanding and grasp of customer demands. The Company has a deep-rooted experience in automotive drivetrain component development and possesses the capabilities for mass production and diversified product orders. In the era of fierce competition in the electric vehicle market, the performance and benefits of the Company will gradually develop.

b. Establishing a good supply channel and developing domestic and foreign marketing networks

The Company is currently a major subcontractor for the famous major manufacturers of large truck transmission assembly, differential, torque conversion system, oil pump Gears, reduction gears and others in the US. With the good reputation, stable delivery,

and product quality retained for multiple years have been well received by customers. Affirmative. The Company has obtained ISO 14001 and IATF/16949 environmental and quality assurance system certifications, which furthermore helped the Company in enhancing the Company's international competitiveness. The Company has recently been committed to product upgrades and has achieved great results in the R&D of spare parts in the automotive industry, gaining popularity from European and American customers, therefore, with the increase in ratio of high value-added products, profitability of the Company is relatively improved.

c. Excellent R&D Technology

The Company has amongst its counterparts in the same industry the most advanced production equipment and detecting instruments, and its R&D capabilities are also superior to counterparts in the industry. At the same time, the Company has a strong R&D team with more than 40 R&D personnel who can rapidly develop products in response to customer needs, and such conduct has won customers trust as well as making the Company the top spot in the domestic automotive gear industry. The Company has had more than 50 years of gear production experience and has owned professional R&D technology that can meet customer needs, while developing large truck engine rear wheel drive shafts, Transmission shafts, differentials for heavy-duty trucks, torque conversion system components, oil pump gears, electric vehicle reductive drive gearboxes, etc. in joint R&D with well-known American manufacturers. In addition, the Company has also established cooperative relationships with many well-known European and American OEM manufacturers. The collaborative R&D technology is deeply trusted by customers across European and American countries.

B. Unfavorable Factors

a. Products diversified in various types and produced in small quantities difficult to mass-produce for reduced manufacturing cost

As the production of domestic automobile and motorcycle parts and components feature a diversification in types with smaller quantity in production, parts manufacturing costs are difficult to be reduced, furthermore influencing the price competitiveness of a single product.

Countermeasures:

- (a) Adjusting the production and sales/distribution structure of products and the procurement of raw materials, and strengthening the rationalization of production and the automation of machines and tools to reduce costs, increase productivity, and increase the production and sales/distribution of automotive parts and components year by year.
- (b) Having full grasps to the market, information and trends, and actively expanding international marketing channels to expand the scale of production and sales/distribution and reduce manufacturing costs.
- (c) Strengthening product R&D capabilities, and actively cultivating talents to respond to market variations under flexibility.
- (d) Seeking for multiple raw material suppliers to make inquiries and price comparisons to effectively reducing product costs.

b. Smaller manufacturer scales, and ferocious competitions in price cutting

There are many domestic automobile and motorcycle parts industries, among which contain numerous small and medium-sized gear manufacturers that cut prices for the goods supplied, resulting in fierce competition and illusions to customers.

Countermeasures:

- (a) Fulfilling the implementation of IATF/16949 and other quality assurance certification systems to improve product quality, and take high quality, high efficiency and customer satisfaction as the competitive niche of the Company.
- (b) Actively improving technical capabilities, and strengthening the overall competitive advantage with the advantage of its leading technology.

- (c) Developing in the direction toward a large and professional parts and components manufacturer to rid the Company from price-cutting competition of low-priced products.
- (d) Actively developing business sources in the international market to expand product markets and to spread operational risks.
- (e) Committed to the R&D of high value-added products and reinforced cost control for enhanced profitability.
- (f) With use of resource and integration of R&D results, the Company intends to ensure its lead in technical capabilities, heading toward product diversification.
- c. The phenomenon of workforce shortage is prevalent in various domestic manufacturing industries, costs of wages are therefore relatively increased.

Countermeasures:

- (a) Promoting automation and productivity 4.0 and accelerating equipment renewal meanwhile introducing the multi-skilled training to reduce labor costs and to increase productivity while improving the quality of the working environment with a view to reduce the conventional negative image of the industry and attract outstanding talents.
- (b) Employing foreign contract labor and dispatched worker to resolve the issue of labor shortage.

In summary, the Company's favorable factors in industry, business and other related matters are certainly helpful to the Company's future development. The Company will adhere to its business philosophy and corporate spirit, devote itself to planning high-quality products, and actively expand domestic and oversea markets to enhance profitability; and, as for the unfavorable factors, the Company has also taken appropriate measures to seize market opportunities and have excellence in sales performance.

2. Important use and production process of main products

(1) Important uses of main products:

Transmission gears and shafts produced and manufactured by the Company refer to manufacturing and assembly of automobile and motorcycles components.

(2) Production process of main products:

The status of the production process is as follows:

A. Parts of Torque Conversion System:

Forging→ Normalization→ Detailing via CNC Lathe→ Rolling→ Heat Treatment→ Calibration→ Grinding→ Electron-beam Welding→ Detailing via CNC Lathe→ Quality Inspection→ Packing→ Stock In

B. Differential:

Forging→ Normalization→ Detailing via CNC Lathe→ Center Pores and Teeth Processing using Processing Machine→ Heat Treatment→ Grinding→ Assembly→ Quality Inspection→ Packing→ Stock In

C. Oil Pump Gears:

Forging→ Normalization→ Detailing via CNC Lathe→ Hobbing→ Shaving→ Heat Treatment→ Inner Pore→ Plane Grinding→ Grinding Bevels of Outer Teeth→ Assembly→ Quality Inspection→ Packing→ Stock In

D. Reductive Drive Gears:

Forging→ Normalization→ Detailing via CNC Lathe→ Hobbing→ Shaving→ Heat Treatment→ inner radius Grinding→ Quality Inspection→ Packing→ Stock In

E. Gearbox Gears:

Forging→ Normalization→ Detailing via CNC Lathe→ Inner Teeth Broaching→ Hobbing→ Spading→ Shaving→ Heat Treatment→ Grinding→ Quality Inspection→ Packing→ Stock In

(3) Supply Status for Main Raw Materials

Product Type	Main Raw Materials	Name of Main Supplier	Supply Status
Automobile and Motorcycle Gears and Shafts	Steel	China Steel Corporation	Great quality and stable sources
	Castings	JAN FA	The specification meets market standards and has a stable source
	Forging	ZCI	The specification meets market standards and has a stable source

(4) List of Main Selling and Purchasing Customers Accounting for at least 10% of the Company's total sale/purchase in the 2 Most Recent Fiscal Years

A. Information of Main Suppliers in the 2 Most Recent Fiscal Years

Unit: NTD Thousands

	2023				2024				2025 up to Q1			
Item	Name	Amount	Ratio to All-Year Net Sales [%]	Relationship with Issuer	Name	Amount	Ratio to All-Year Net Sales [%]	Relationship with Issuer	Name	Amount	Ratio to Net Sales of the Current Year up to the Preceding Quarter [%]	Relationship with Issuer
1	China Steel Corporation	1,107,880	59.50	None	China Steel Corporation	1,056,831	70.10	None	China Steel Corporation	176,124	69.95	None
2	World Known Precision Industry Co., Ltd.	50,076	2.69	None	Jan Fa Industrial	65,057	4.32	None	Jan Fa Industrial	17,976	7.14	None
3	Others	703,955	37.81	None	Others	385,613	25.58	None	Others	57,697	22.91	None
	Net Purchase	1,861,911	100	None	Net Purchase	1,507,501	100	None	Net Purchase	251,797	100	None

* Owing to the premium quality and stable supply of materials, the Company has made mass procurements from China Steel to reduce material purchase costs.

B. Information of Main Trade Debtors in the 2 Most Recent Fiscal Years

Unit: NTD Thousands

	2023				2024				2025 up to Q1			
Item	Name	Amount	Ratio to All-Year Net Sales[%]	Relationship with Issuer	Name	Amount	Ratio to All-Year Net Sales[%]	Relationship with Issuer	Name	Amount	Ratio to Net Sales of the Current Year up to the Preceding Quarter [%]	Relationship with Issuer
1	Company A	2,498,727	37.86	None	Company A	2,537,382	43.94	None	Company A	521,674	42.27	None
2	Company B	1,847,669	28.00	None	Company B	1,093,503	18.94	None	Company B	307,549	24.92	None
3	Others	2,252,834	34.14	None	Others	2,143,585	37.12	None	Others	404,973	32.81	None
	Net Sales	6,599,230	100	None	Net Sales	5,774,470	100	None	Net Sales	1,234,196	100.00	None

* The changes in the performance of the main trade debtors are mainly due to the acceleration of the release of OEM parts and components orders and the demand for division of labor, and the increase in the proportion of external purchases resulting from the American auto parts and component manufacturers under the pressure of meagre profits and cost reduction. In addition, as the Company is benefitted from such trend featuring deals with major companies and jointly researches and develops synchronously with parts OEMs, the Company's product line is expanded from sole manufacturing of transmission parts to transmission assemblies of differentials and torque converters in complete sets. Variations in trade debtors are also affected by the sales performance in growths and declines of individual customer.

(III) Number of Employees, Average Years of Services, Average Age and Education in the Most Recent Two Years up to the Publication Date of the Annual Report

	Year	2023	2024	2025 (March 31)
Number of employees	Direct	718	625	602
	Indirect	323	285	281
	Total	1041	910	883
Average Age		37.66	38.47	38.54
Average length of service		7.34	8.33	8.63
Education distribution ratio (%)	PhD	0%	0%	0%
	Master	2.11%	2.42%	2.15%
	Bachelor	36.31%	34.07%	34.77%
	Senior High School	22.86%	20.66%	20.39%
	Less than Senior High School	38.72%	42.86%	42.7%

(IV) Information Regarding Environmental Protection Expenditure

- Environmental Protection Expenditures According to regulations, the company has to apply and receive permits for the establishment of anti-pollution facilities and pollution effluent, pay pollution prevention fees, or designate environmental personnel. The status of the measures mentioned above is as follows:
 - As per Waste Disposal Act, in case the Company's paid-in capital is more than NTD 2 Billion, dedicated personnel responsible for equipment waste are required at each plant.
 - The Company's plants regularly pay fees for sewage treatment and soil and groundwater pollution remediation.
 - The heat treatment equipment in the 5th Chiayi plant is expected to apply for a variation of the stationary source installation permit in 2024 and obtain the stationary source installation permit in 2025.
 - As per environmental protection laws and regulations, the sewage discharge outlets of each plant shall be sampled for testing every 6 months, and the water pollution fee shall be declared.
 - As per environmental protection laws and regulations, fixed pollution source air pollution fee and discharge amount of heat treatment shall be declared each quarter, and charges based on the declared amount shall be paid.
 - The Company's 5th plant in Chiayi has completed the application for sewage discharge from the Tapumei, and the procurement of sewage treatment equipment is planned for 2025.
 - Sewage discharge from the Company's plants shall meet the discharge standards of the Water Pollution Control Act, and the discharge of fixed pollution sources must meet the operating permits of fixed pollution sources.
 - The Company's plants conduct ISO14001 (Environmental Management System)/ISO45001 (Occupational Safety Management System) external audits and verifications every year.
 - The Company will hold ISO 14064 Greenhouse Gas Inventory annually. the Company conduct the Greenhouse Gas Inventory in Chiayi, Central Taiwan Science Park and Dali plants, and external audits will be conducted simultaneously in 2023.
 - The Company conducted the ISO14064 Greenhouse Gas Inventory in Chiayi and carbon emissions have reached the level which required reported annually by the Environmental Protection Administration in 2023.
 - The company will conduct ISO14067 carbon footprint verification in 2024. This time, 5 products were selected and product carbon footprint audits were conducted at Dali Plant and Chiayi Plant respectively. The external verification will be completed in 2025.

- (12) In 2024, the company's new plant in Dali (Lot Number 1088) will proceed with the procurement of sewage treatment equipment and apply for a water pollution prevention permit.
2. The Company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced:
 - (1) The sewage treatment equipment for the 5th Plant in Chiayi will be procured in 2025, in accordance with the standards for sewage discharge in the Chiayi Dapumei Precision Park. Additionally, an application will be made to the Environmental Protection Bureau, Chiayi County for the acquisition of a water pollution prevention permit.
 - (2) The Company's industrial waste reduction plan for each plant features fulfillment of effective sorting through source management. Resources collected are recycled by qualified operators, with rebates given to the Company. The remaining waste will be handled by general business cleaning and transportation operators.
 - (3) All the industrial waste generated by the Company's plants are handled by the cleaning and transportation operators. Due to the relevant regulations set by the Environmental Protection Agency, the Company's waste must be treated separately in accordance with the relevant regulations.
3. Describing the process undertaken by the Company on environmental pollution improvement for the most recent 2 fiscal years and up to the prospectus publication date. If there had been any pollution dispute, its handling process shall also be described:
 - (1) The Company is a professional manufacturer and marketing operator of gears, shafts and various transmission parts and components, whose disposal of industrial waste generated from manufacturing and processing shall be handled by legally qualified operators or cleaning personnel, and filed according to the industrial waste cleaning plan.
 - (2) In addition to the daily equipment inspection of the Company's sewage treatment equipment, mechanical and electrical operators are commissioned for weekly maintenance to ensure normal operation of equipment. As environmental safety personnel operate the equipment on a daily basis, the water quality report is regularly submitted.
 - (3) The Company's heat treatment plant regularly declares regular inspections annually to ensure the normal discharge by fixed pollution sources.
4. Describing any losses suffered by the company in the most recent fiscal years and up to the prospectus publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken:
Chiayi Plant was fined NT\$6,000 for violating Article 31, Paragraph 1, Item 1 of the Waste Disposal Act due to the "Letter No. 1140015400 of Jiahuan Waste Disposal Date May 4, 2025" that the output of the waste disposal plan exceeded the maximum monthly output of the original disposal plan by 10%. The company has completed the change of the waste disposal plan, and has reviewed the waste disposal plans and online declarations of each plant, and made immediate changes.
5. Explaining the current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the Company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years:
 - (1) Expect to carry out the improvement and cleaning of sewage system and discharge to outsider area of plant in all plants.
 - (2) The sewage treatment equipment for the 5th Plant in Chiayi will be procured in 2025.

(V) Labor Relations

1. Employee welfare policy
 - (1) Allowances for Weddings, Funerals and Other Life Events
 - A. Wedding Allowance: NTD 2,200~6,000.
 - B. Childbirth Allowance: NTD 3,000.
 - C. Hospital Consolation: NTD 2,000~6,000.
 - D. Funeral Assistance: NTD 2,100~5,500.

- (2) Welfare Activities by the Employee Welfare Committee
 On the Chinese New Year, Labor Day, Dragon Boat Festival, Mid-Autumn Festival and employees' birthdays, the Employee Welfare Committee purchase and give away gifts or grants; in addition, the Committee conducts the raffles for Year-End feasts; also, the Committee regularly organize employee tours, birthday parties and other activities to bring employees closer.
 - A. Employee birthday Party: NTD 1,000 for each employee per year.
 - B. Wedding Allowance: NTD 3,600.
 - C. Childbirth Allowance: NTD 3,000.
 - D. Funeral Assistance: NTD 3,100.
 - E. Hospital Consolation for Injuries, Illness and Hospitalization: NTD 2,000.
 - F. In events of an employee suffering from major disasters, the amount of assistance may be resolved by case by the Welfare Committee.
 - (3) Continuing education and training: In accordance with the Company's "Regulations Governing Employee Education and Training", the education and training courses of each department are arranged.
2. Retirement system:
 In line with the "Labor Pension Act" enforced on July 1, 2005, the Company has enabled the option of adopting retirement system relevant to "Labor Standards Act" or adopting the pension system as applied in Labor Pension Act and retaining the years of employment prior to enforcement for employees employed before June 30 who are incumbent on July 1, while new employees employed from July 1 2005 are only applicable to the pension system of the "Labor Pension Act". For ones adopting the new system, the Company disburses 6% of the employees' monthly salary to the individual pension account under Labor Insurance Bureau. For the ones adopting old pension system, the Company formulates regulations governing employee retirement in accordance with the provisions of the Labor Standards Law, and reserves are allocated monthly to the special trust account under Taiwan Bank.
 3. Agreements between Labors and Management
 The Company establishes channels for coordination via organization of quarterly labor-management meetings, management department meetings amongst various units, etc., facilitating communications between labor and management.
 4. Any losses suffered by the Company in the most recent 2 fiscal years 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 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.
 The Company has a fair labor relation and has not been affected in operations due to labor disputes since its establishment, in addition, in accordance with current situation, there is no potential for labor disputes; therefore, the possibility of future labor dispute losses is very unlikely. However, the CTSP Plant was notified of violation against laws and regulations in its labor inspection results as per 11 April 2022 Letter No. Taichung-Environmental-Protection-Zi-1110008497, per 7 December 2022 Letter No. Taichung-Environmental-Protection-Zi-1110029867, per 28 April 2023 Letter No. Taichung-Environmental-Protection-Zi-1120009280, per 4 August 2023 Letter No. Taichung-Environmental-Protection-Zi-1120017568, per 4 January 2024 Letter No. Taichung-Environmental-Protection-Zi-1130000449, per 28 March 2024 Letter No. Taichung-Environmental-Protection-Zi-1130007043, per 14 August 2024 Letter No. Taichung-Environmental-Protection-Zi-1130018205, per 6 August 2024 Letter No. Taichung-Environmental-Protection-Zi-1140000429 and per 16 March 2023 Letter No. Chiayi-Labor-Zi-1120051303, per 21 December 2023 Letter No. Chiayi-Labor-Zi-1120296300, which violated Article 32, paragraph 2 of the Labor Standards Act, and a fine at NTD 2,300,000 was imposed. The Company has re-examined the working hours management system, controlled the issue of unreasonably regulated overtime in various plants and strengthened communication to promote overtime reporting regulations ever since.

(VI) Cyber security management

1. Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management:

- (1) Information security management structure



- (2) The department responsible for cyber security is the Information Technology Section, which oversees the Company's cyber security policies, promotes awareness of cyber security-related matters, and ensures timely alignment with applicable laws and regulations. These efforts aim to safeguard the confidentiality, integrity, and availability (CIA) of the Company's information systems.

2. Cyber security policies

- (1) The objective is to ensure sustainable development and protect the confidentiality, integrity, and availability of business-related information, while preventing any form of threat such as data leakage, destruction, or loss.

- A. Confidentiality, integrity, and availability of information assets.
 - B. Enforcement of access control to systems.
 - C. Prevention of unauthorized modification or use of data and systems.
 - D. Regular execution of audits.

- (2) Employees shall comply with relevant regulations

- A. Employees should avoid opening emails from unknown sources, as doing so may activate malicious executable files that could compromise their computers. Such incidents should be reported immediately to IT personnel for handling.
 - B. All employee accounts must be created only after the completion and submission of an account application form; IT personnel will establish the account upon receipt.
 - C. Employees must not share their account credentials or passwords with others.
 - D. Employees are required to comply with the Company's internet usage policies. Any violations will be handled in accordance with applicable internal regulations.

3. Concrete management programs

- (1) Network Security Controls

The Company has implemented network security measures such as firewalls and secure network architecture to enhance external network monitoring and control. A VPN has been established to ensure the confidentiality and security of data transmission. Internally, access control mechanisms are in place to restrict unauthorized personnel from accessing confidential company information. When employees change roles or leave the company (including retirement), their system access rights are immediately revoked.

- A. Firewall and Antivirus Software: Firewalls and antivirus software are automatically updated to reduce the risk of virus infections.
 - B. Email Filtering Mechanism: The email system is protected against spam, malicious links, and harmful attachments. These mechanisms effectively filter and block spam emails, reduce inbox clutter, and detect and isolate virus-infected attachments to prevent internal spread, phishing attacks, and redirection to malicious websites.
 - C. Server Room Access Control: Entry to the server room requires signing an access log. When necessary, entry is subject to tracking and investigation. Access is restricted to authorized personnel only; unauthorized entry is strictly prohibited.
 - D. Monthly Cyber Security Awareness Emails: Monthly email campaigns are conducted to raise employees' awareness of cyber security risks.

- (2) Data Access Control

The Company evaluates data access rights across all departments and classifies information based on its type and sensitivity level. Access permissions are granted according to business needs to ensure that critical and confidential data is adequately protected. A formal approval process is in place for employee data access, and access logs are maintained to monitor activity. The Company adopts the principle of least privilege in managing access to internal systems and data, which unauthorized personnel are not permitted to view or access such information.

Only authorized personnel are permitted to access and manage hardware equipment. System administrators are required to regularly review and manage access rights to ensure that only approved individuals have appropriate access and control over hardware assets.

(3) Data Backup Mechanism

The Company utilizes 16 magnetic tapes for backup purposes, with the specific allocation as follows:

A. System Backup:

2 tapes are used for semi-annual backups, which include full backups of the operating system, applications, and core configurations. This ensures that the entire system can be promptly restored in the event of a major failure or disaster.

B. Software Backup:

4 tapes are used for quarterly backups, dedicated to regularly backing up the software used by the Company and its configurations, thereby protecting application data from loss or corruption.

C. Database Backup:

10 tapes are used for daily backups, which involve incremental or differential backups of the database to maintain data currency and integrity while minimizing the risk of data loss.

D. Disaster Recovery Mechanism:

The data backup process is integrated with the disaster recovery mechanism to ensure that, in the event of a disaster, backup data can be immediately accessed and rapidly restored.

4. Resources Invested in Cyber Security Management

(1) Firewall.

(2) Antivirus software.

(3) Email filtering mechanisms.

(4) Server room access control.

(5) Off-site data backup and restoration verification.

(6) Monthly cyber security awareness emails and irregular social engineering phishing email simulations.

5. 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: None.

(VII) Important Contracts

The Company still has supply/distribution contracts, technical cooperation contracts, engineering contracts, and other contracts that would affect investors' equity which are retaining or expired in the most recent fiscal year:

Contract Feature	Contracting Parties	Commencement and Expiration Dates	Major Content	Restrictive Clause
Syndicated Loans Contract	Consortium Bank formed by Land Bank et al.	2021/3/11-2026/3/11	Syndicated Mortgage Borrowing	None
Subcontractor Supply and Processing Contract	ZOENG CHANG INDUSTRY CO., LTD.	2022/3/1-2027/3/1	Raw Material Supply and Parts Processing	None

V. Review and Analysis of Financial Condition and Financial Performance and Risks
(I) Financial Position

Unit: NTD Thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Liquid Assets	7,204,481	7,150,172	54,309	0.76
Long-Term Investments	446,506	446,506	0	0.00
Property, Plant and Equipment	13,831,099	14,044,490	(213,391)	(1.52)
Other Assets	960,411	686,103	274,308	39.98
Total Assets	22,442,497	22,327,271	115,226	0.52
Liquid Liabilities	6,419,879	6,251,528	168,351	2.69
Non-Liquid Liabilities	7,074,351	7,233,867	(159,516)	(2.21)
Total Liabilities	13,494,230	13,485,395	8,835	0.07
Stock Capital	2,795,175	2,795,175	0	0.00
Capital Surplus	3,908,804	3,833,804	75,000	1.96
Retained Earnings	2,124,240	2,207,101	(82,861)	(3.75)
Other Equities	(798)	(112,607)	111,809	(99.29)
Equity Attributable to Owners of the Parent	8,827,421	8,723,473	103,948	1.19
Non-Controlling Interests	120,846	118,403	2,443	2.06
Total Shareholders' Equity	8,948,267	8,841,876	106,391	1.20
<p>Note: Where there is a change with increase/decrease at more than 20% and the amount of such change is more than NTD 10,000,000 shall be analyzed as follows.</p> <p>Other Assets: Mainly due to the purchase of investment real estate</p> <p>Other Equities: other equity is mainly due to changes in exchange differences in translation of foreign operations' financial statements and unrealized gains and losses on financial assets measured at fair value through other comprehensive income.</p>				

(II) Financial Performance

Unit: NTD Thousands

Item \ Year	2024	2023	Increase (Decrease) Amount	Change Proportion (%)
Operating Revenue	5,774,470	6,599,230	(824,760)	(12.50)
Operating Cost	(5,092,735)	(5,458,129)	(365,394)	(6.69)
Operating Margin	681,735	1,141,101	(459,366)	(40.26)
Operating Expense	(795,706)	(725,510)	70,196	(9.68)
Operating Profit	(113,971)	415,591	(529,562)	(127.42)
Non-Operating Income and Expense	348,399	(52,991)	401,390	(757.47)
Income before Tax	234,428	362,600	(128,172)	(35.35)
Income Tax Expense	(38,470)	(37,937)	533	1.40
Current Net Profit	195,958	324,663	(128,705)	(39.64)
Net Profit Attributable to Owners of the Parent	195,060	327,211	(132,151)	(40.39)
Net Profit Attributable to Non-Controlling Interests	898	(2,548)	3,446	(135.24)
Where the increase or decrease ratio reaches 20% or more, such increase/decrease shall be analyzed as follows: Operating Margin, Operating Profit, Income before Tax, Current Net Profit, Net Profit Attributable to Owners of the Parent: Mainly due to the decrease in sales revenue and the increase in sales costs, the gross profit decreased. Non-operating income and expenses: Mainly due to disposal of real estate and exchange benefits.				

(III) Cash Flow

1. Analysis on Liquidity of the Most Recent Fiscal Year

Item \ Year	2023	2022	Increase (Decrease) Proportion (%)
Cash Flow Ratio (%)	13.63	0	100
Cash Flow Sufficiency ratio (%)	21.70	24.62	(11.86)
Cash Re-Investment Rate (%)	1.91	-1.88	(201.60)

2. Cash Liquidity for the Coming Fiscal Year

Unit: NTD Thousands

Beginning Cash Balance (1)	Full-Year Net Cash Flow from the Operating Activities (2)	Estimated Full Year Net Cash Flow (3)	Estimated Amount in Cash Balance (Deficit) (1)+(2)-(3)	Redemptive Measures for Cash Insufficiency	
				Investment Plans	Financing Plans
773,323	835,173	805,683	802,813	—	—

Descriptions:

(1) Cash Flow Variation in the Coming Fiscal Year (2025)

A. Operating Activities

It is estimated that revenue and profit will grow slightly in 2025, resulting in an increase in net cash inflow from operating activities.

B. Full-Year Cash Uses

- Mainly due to the replacement of old machinery and equipment.
- Mainly used in distribution of cash dividend for shareholders and directors and employees' compensation. Mainly used in distribution of cash dividend for shareholders and directors and employees' compensation.
- US Factory Investment Case

(2) Estimated Redemptive Measures in Event of Insufficient Cash and Fluidity Analysis: None.

(IV) The impact of any material capital expenditures over the most recent fiscal year upon the Company's financial and operating condition:

1. Status of Use for Material Capital Expenditures and Source of Capital:

Unit: NTD Thousands

Plan Item	Actual or Estimated Capital Source	Estimated Date of Construction Completion	Total of Capital Required	Actual or Expected Status of Use for Capital		
				2022	2023	2024
New Construction Project of Chiayi No. 5 Plant	Equity Fund or Bank loan	2024	1,063,082	444,930	467,358	150,794

2. Expectations on Potential Benefits:

Plan Item	Estimates by Year	Operational Items	Production Volume	Sales Volume	Sales	Margin
New Construction Project of Chiayi No. 5 Plant	2025	Heat treatment of gears and transmission components	4,500	4,500	135,000	40,500,

(V) The Company's policy for the most recent fiscal year on investments in other companies, the main reasons for profit/losses resulting therefrom, plans for improvement, and investment plans for the coming fiscal year

Unit: NTD Thousands

Reinvested Business	Investment Amount	Policy	Main Reason for Profit (Loss)	Rectification Plan	Other Future Investment Plans	Profit and loss for the period
Hozuan Investment Company Limited	\$167,190	Long-Term Investments	investment profit	None	Depending on operation status	\$21,224
Captain Holding Co., Ltd.	390,733	Long-Term Investments	Loss from Investment in Funds	Reinforced Attention to International Exchange Market Changes		(17,875)
HOTATECH, INC.	173,638	Long-Term Investments	Disposal of real estate	None		197,885
Hota USA Inc.	25,222	Long-Term Investments	Interest income	None		95
Howin Precision Company Limited	41,450	Long-Term Investments	Decrease in orders	Increase in Orders and Enhancement in Competitiveness		(5,904)
Juda Intelligent Technology	159,741	Long-Term Investments	Decrease in orders	Increase in Orders and Enhancement in Competitiveness		(18,128)
Hefu Construction Co., Ltd	68,000	Long-Term Investments	Profit from selling the project	None		6,395
Helun Precision Co., Ltd.	5,000	Long-Term Investments	Interest income	None		34
KAO FONG MACHINERY CO., LTD.	11,400	Long-Term Investments	Stable growth in orders	None		113,537
TAIWAN PYROLYSIS & ENERGY REGENERATION CORP.	12,500	Long-Term Investments	None	Impairment Loss Recognized		-
TAKAWA SEIKI, INC.	3,607	Long-Term Investments	Decrease in orders	Increase in Orders and Enhancement in Competitiveness		(212)
LING WEI CO., LTD.	\$36,338	Long-Term Investments	Stable growth in orders	None		\$5,199
Hota Industries, LLC	USD735 thousand	Long-Term Investments	Expenses	Saving on Unnecessary Expenditure		(3)
Hota Manufacturing, Inc.	USD1 thousand	Long-Term Investments	None	None		-

(VI) Risk Factors Analysis

1. The impact upon the Company's balance sheet of inflation and changes in interest and exchange rates, and the measures the company plans to adopt in response
 - (1) Interest Rate :

The Company's interest rate risk arises primarily from financial liabilities. Changes in interest rates may affect the interest expense payable on financial liabilities. As the majority of the financial liabilities are floating interest rates, the increase in interest rates may result in higher than expected interest expenses, as the Company's financial structure is strengthened and better financing rates are sought from banks, the impact on the Company's profit or loss from the change in interest rates is minimal.
 - (2) Exchange Rate:

The Company's products are mainly exported, and most of the products sold are denominated in U.S. dollars or Euros; hence, variations to exchange rate have a significant impact on the Company's gains and losses in exchanges. To diminish the impacts on Company's gains and losses by exchange rate variations, the Company has adopted accounts receivable factoring to its certain positions, which refrains the Company from risks of uncollectible accounts receivable meanwhile relatively reduces the risk of exchange rate changes. In addition, the Company's transaction counterparts are financial institutions with good credit, with non-default by the counterparts expected; therefore, possibility of credit risk is extremely small.
 - (3) Inflation:

The prices of raw materials required by the Company and the selling prices of the Company's products were relatively stable and the impact of current inflation on the Company's future profit or loss was not significant.
2. 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:
 - (1) The Company's financial operations are conservative and prudent and it does not engage in high-risk, highly leveraged investments.
 - (2) The Company's loaning of funds, endorsements/guarantees are processed in accordance with its "Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees" and the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies."
3. Future research and development projects, and expenditures expected in connection therewith:
 - (1) With the most advanced detecting instrument and a strong R&D team, the Company has the capability to quickly develop products in accordance with customer needs, with the future R&D plans as follows:
 - A. Parts and Components for US Automotive Auto Transmission.
 - B. Parts and Components for US Automotive Torque Converter.
 - C. Parts and Components for New Transmissions of High-End Motorcycles.
 - D. Oil Pump Gear for US Industrial Machines.
 - E. Parts for Gearboxes of US Agricultural and Construction Machinery.
 - F. US Patented Limited-slip Differential.
 - G. Parts and Components for Air Compressors in Brake Systems for Trucks.
 - H. Hobber, shaving machines and chamfering machines.
 - I. Epicyclic Gearing Sets for Gearbox of Hybrid Cars.
 - J. Intelligent Gear Production Integration Technology.
 - K. High-Efficiency Powertrain System Assembly for Electric Cars.
 - L. Parts and Components for Aeronautics and Space Industry.
 - M. Bevel wheel.
 - N. Bevel wheel differential assembly
 - O. Electric motorcycle motor shaft parts
 - P. Mid drive electric motor module
 - Q. Robot joint components.

- R. Semiconductor related inspection equipment.
- (2) In the future, it is expected that the R&D expenses committed will be adjusted according to the product development schedules and plans and the operational conditions and will account for approximately 1% to 5% of the total revenue in 2024.
4. 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 not only complies with the relevant domestic and foreign laws and regulations in its daily operations, but also keeps a close watch on domestic and overseas policy trends and regulatory changes in order to fully keep abreast of and respond to changes in the market environment. To date, the Company's financial operations have not been materially affected by changes in domestic or foreign policies or laws.
5. Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response:
- (1) Extending from the improvement of internet, broadband and wireless communication transmission technologies, the Company may further expand the development of new customers to maximize the Company's profit; owing to the fact that the Company has purchased the state-of-art automation machinery and detecting instruments meanwhile committed to building intelligent production lines; in addition, with its strong R&D team and quick development of products in accordance with customer needs, the Company has established a good brand image in the industry and is favored by European and American customers. Such advantage has benefited the Company financially and business-wise.
- (2) Information security risk management framework, information security policy, specific management solutions, and spend efforts on information security. Please refer to IV.(VI) Cyber security management.
6. Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response:
The Company has adhered to the management principles of professionalism and ethics, and has attached great importance to corporate image and risk control. There is no foreseeable crisis at the current state.
7. Expected benefits and possible risks associated with any merger and acquisitions, and measures to be taken in response: No such occurrence in the Company.
8. Expected Benefits, Potential Risks, and Mitigation Measures of Plant Expansion: No such occurrence in the Company.
9. Risks associated with concentration of sales or purchasing operations, and measures to be taken in response: No such occurrence in the Company.
10. The impact, risks and countermeasures of any substantial transfer or replacement of equity interests in the Company by directors, supervisors or substantial shareholders holding more than 10% of the shares: No such occurrence in the Company.
11. Impact of change in management rights on the Company, associated risks and response measures: No such occurrence in the Company.
12. Litigious and non-litigious matters: No such occurrence in the Company.
13. Other important risks and measures to be adopted in response: No such occurrence in the Company.

(VII) Any other important matters: None

VI. Special Notes

(I) Information Regarding Affiliated Companies

Please refer to the MOPS Public Information Observatory by navigating to the homepage→Single Company →Electronic Document Download→Affiliated Enterprises Section

(https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

Search for the company code:1536

(II) Private placement of securities in the most recent year and as of the printing date of the annual report: None.

(III) Other necessary items to be supplemented and explained: None.

VII. 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 during the most recent fiscal year or the current fiscal year up to the publication date of the Annual Report: None.

Hota Industrial Mfg. Co., Ltd.



Chairman: Sheng, Kuo-Jung

