



和大工業股份有限公司
HOTA INDUSTRIAL MFG. CO., LTD.

2025

Annual Report

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

Company URL: <http://www.hota.com.tw/>

Published on April 20, 2026

I. Spokesperson

Name: Chen, Jun-Zhi

Role: General Manager

Phone: (04) 25692299 Ext. 1234

Email: gretchen-hsu@hota.com.tw

II. Acting Spokesperson

Name: Sheng, Chien-Chih

Role: Chairman

Phone: (04) 25692299 Ext. 1823

Email: yuting-chang@hota.com.tw

III. Addresses and Phone Numbers of Headquarters, Branches, and Factories

Dali Headquarter

Address: No. 115, Renhua Rd., Dali Dist., Taichung City

Phone: (04) 24912191

CTSP Branch

Address: No. 12, Keya Rd., Daya Dist., Taichung City

Phone: (04) 25692299

Chiayi Branch

Address: No. 18, 5th Rd., Dapumei Industrial Park, Dalin Township, Chiayi County, Taiwan

Phone: (05) 2955699

IV. Institution for Shares Transfer:

Name: Shareholder Services Department, Taishin Securities Co., Ltd.

Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City, Taiwan

Phone: (02) 25048125

URL: <https://www.tssco.com.tw/stocktransfer>

V. CPA for Audit and Attesting of the Financial Report in Most Recent Year:

CPA Firm Name: Ernst & Young Taiwan

Name of Accountant(s): CPA Huang, Jing-Ya and Huang, Zi-Ping

Address: 26F, No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung City, Taiwan

Phone: (04) 22598999

Website URL: https://www.ey.com/zh_tw

VI. Name of Exchange for Offering and Trading of Overseas Securities: N/A

VII. Company Website URL: <http://www.hota.com.tw>

Table of Contents

I.	Report to the Shareholders.....	1
II.	Corporate Governance Report.....	5
	(I) Supervisory Information for Director, President, Vice President, Associate Manager, Departments and Branches.....	5
	(II) Remuneration Paid to Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Year.....	17
	(III) Corporate Governance Operation Status.....	23
	(IV) Information on the professional fees of the attesting CPAs.....	63
	(V) Information on Replacement of Certified Public Accountants.....	64
	(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.....	65
	(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.....	65
	(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.....	67
	(IX) consolidated shareholding ratio.....	68
III.	Funding Status.....	69
	(I) Capital & Shares.....	69
	(II) Issuance of Corporate Bonds.....	73
	(III) Issuance of Preferred Shares.....	74
	(IV) Issuance of Global Depository Receipts.....	74
	(V) Issuance of Employee Stock Options and Restricted Employee Shares.....	74
	(VI) Issuance of New Shares in Connection with the Merger or Acquisition of Other Companies.....	74
	(VII) Implementation of Capital Allocation Plans.....	74
IV.	Operational Highlights.....	75
	(I) Business Content.....	75
	(II) Market and Production & Promotion Overview.....	80
	(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.....	87
	(IV) Information Regarding Environmental Protection Expenditure.....	87
	(V) Labor Relations.....	88
	(VI) Cyber security management.....	90
	(VII) Important Contracts.....	92
V.	Review and Analysis of Financial Condition and Financial Performance and Risks.....	93
	(I) Financial Position.....	93
	(II) Financial Performance.....	94
	(III) Cash Flow.....	94
	(IV) The impact of any material capital expenditures over the most recent fiscal year upon the Company's financial and operating condition.....	95
	(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.....	96
	(VI) Risk Factors Analysis.....	97
	(VII) Any other important matters.....	99
VI.	Special Notes.....	99
	(I) Information Regarding Affiliated Companies.....	99
	(II) Private placement of securities in the most recent year and as of the printing date of the annual report.....	99
	(III) Other necessary items to be supplemented and explained.....	99
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.....	99

I. Report to the Shareholders

(I) Operation Report of the Year 2025

1. Execution Results of the Business Plan:

Unit: New Taiwan Dollar, thousand

Item	Year 2025		Year 2024	
	Amount	%	Amount	%
Operation Revenue	4,807,719	100	5,265,851	100
Operation Costs	(4,674,739)	(97)	(4,646,157)	(88)
Operation Margin	132,980	3	619,694	12
Operation Expenses	(639,418)	(14)	(795,706)	(14)
Operation Net Profit	(506,438)	(11)	(176,012)	(3)
Non-operating income and expenses	(255,899)	(5)	346,443	7
Net profit before tax	(762,337)	(16)	170,431	4
Income Tax Expense	(9,344)	—	(38,470)	(1)
Net Income after tax	(771,681)	(16)	131,961	3
Net income attributable to stockholders of the parent company	(763,293)	—	131,063	—
Net income attributable to non-controlling interests	(8,388)	—	898	—

2. Analysis of Profitability:

Item		Year 2025	Year 2024
Return on Assets (%)		(2.54)	1.25
Return on Equity of Shareholders (%)		(9.39)	1.50
Ratio to Paid-in Capital (%)	Operation Net Profit	(18.15)	(6.30)
	Net Income after tax	(27.33)	6.10
Net Profit Ratio (%)		(16.05)	2.51
Earnings per share(Not been retrospective adjusted)		(2.74)	0.47

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. Transfer case components.
- E. Precision mechanical reducer.
- F. Aerospace parts.
- G. Reduction gear sets, electronic control, and system integration for E-bikes.
- 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 inspection equipment.
- K. Differential assembly.
- L. Planetary gear set of transmission.
- M. Heavy motorcycle 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 Indigenous Aircraft Program, the Company has passed the AS 9100 aerospace system certification, officially gaining eligibility to participate in the aerospace industry. It is hoped that the Company's core automotive precision manufacturing technology can also be applied to the aerospace field, adding new elements to the Company's product diversification.
- D. The Company is committed to diversification and will leverage its core competencies to develop new products for applications in industries other than the automotive industry.

(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:
Shen, Chien-Chih

General Manager:
Chen, Jun-Zhi

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 March 31, 2026

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	
Director	Taiwanese (ROC)	Kao Fong Machinery	—	2023/6/13	3	2010/6/29	7,066,239	2.53	7,442,239	2.67	0	0	0	0	—	—	—	—	—	—
		Representative: Sheng, Chien-Chih (Note 1)	Female 41-50 years old	2023/6/13	—	2010/6/29	339,346	0.12	419,271	0.15	63	0	0	0	Master's Degree, Drucker School of Management, USA. Manager, Dong An Investment Co., Ltd.	Director, Kao Fong Machinery Co., Ltd. Independent Director, Orange Electronic Co., Ltd. Independent Director, Tan De Tech Co., Ltd. Independent Director, Globe Union Industrial Corp.	Director	Sheng, Kuo-Jung	Father	—
Chairman	Taiwanese (ROC)	Sheng, Kuo-Jung (Note 1)	Male 71-80 years old	2023/6/13	3	1990/6/25	3,824,170	1.37	3,647,963	1.31	37,140	0.01	0	0	Honorary Doctorate, International American University (IAU), USA Master of Business Administration (MBA), University of Sydney, Australia Honorary Doctorate in Management, Chaoyang University of Technology, Taiwan	Honorary Chairman, Kao Fong Machinery Co., Ltd. Chairman, Hwa Fong Rubber Ind. Co., Ltd. Chairman, Mediera Corporation.	Chairman	Sheng, Chien-Chih	Daughter	—

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	
Director	Taiwanese (ROC)	Lin, Yen-Huey	Male 61-70 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 (USA) 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 71-80 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 61-70 years old	2023/6/13	3	2005/06/27	1,968,000	0.70	1,968,000	0.71	0	0	0	0	Tainan Vocational High School Director, Ying Huei Machine Co., Ltd.	Director, Kao Fong Machinery Co., Ltd.	—	—	—	—
Director	Taiwanese (ROC)	Wang, Hui-O	Female 81-90 years old	2023/6/13	3	2017/6/14	791,272	0.28	695,272	0.25	10,230	0.00	0	0	Junior High School Responsible Person, Ho Hsin Industrial Co. 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	4.30	0	0	0	0	—	—	—	—	—	—
		Representative: Chang, Yu-Jeng	Male 71-80 years old	2023/6/13	—	2011/5/30	69,152	0.03	74,246	0.03	0	0	0	0	Ph.D., University of Texas at Austin (US)	Chairman, Chin Fong Machine Industrial Co., Ltd. Chairman, Central Motor Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Director, Calin Technology Co., Ltd.	—	—	—	—

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		
Director	Taiwanese (ROC)	Central Investment	—	2023/6/13	3	2011/5/30	11,985,241	4.29	11,985,241	4.30	0	0	0	0	—	—	—	—	—	—	
		Representative: Lin, Yue-Hong	Male 61-70 years old	2023/6/13	—	2020/6/17	324,247	0.12	324,247	0.12	0	0	0	0	Soochow University	Vice Chairman, Central Motor Co., Ltd.	—	—	—	—	—
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 51-60 years old	2023/6/13	—	2018/6/13	398,726	0.14	1,094,726	0.39	17,000	0.01	0	0	Master's Degree in Business Administration, Feng Chia University	Chairman, Qingbao Investment Co., Ltd.	—	—	—	—	—
Independent Director	Taiwanese (ROC)	Chueh, Ming-Fu (Note 2)	Male 71-80 years old	2023/6/13	3	2017/6/14	0	0	0	0	0	0	0	0	Doctor of Laws, National Chengchi University	Attorney at Law	—	—	—	—	—
Independent Director	Taiwanese (ROC)	Liu, Zheng-Huai	Male 71-80 years old	2023/6/13	3	2020/6/10	0	0	0	0	0	0	0	0	Doctor of Business Administration, National Taipei University	Independent Director, Winson Machinery Co., Ltd. Independent Director, Best Precision Industrial Co., Ltd. Independent Director, Engley Holding (Samoa) Ltd. CPA, Hui-Jia CPA Firm	—	—	—	—	—
Independent Director	Taiwanese (ROC)	Zhuang, Bo-Nian	Male 61-70 years old	2023/6/13	3	2023/6/13	0	0	0	0	0	0	0	0	Ph.D. in Industrial Education, National Changhua University of Education	Independent Director, Apex Dynamics, Inc. Independent Director, Cheng Mei Instrument Technology Co., Ltd.	—	—	—	—	—

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)	Huang, Guo-Shu	Male 61-70 years old	2025/6/10	3	2025/6/10	0	0	0	0	0	0	0	0	Master's degree in International Politics, National Chung Hsing University	—	—	—	—	—

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: Mr. Sheng, Kuo-Jung (President) and Ms. Sheng, Chien-Chih (Chairman).

Reasons, rationale, and necessity: The Company adopts a dual leadership structure to facilitate succession planning and enhance overall management efficiency.

Measures adopted: The number of independent directors was increased in the 2023 board re-election. Currently, more than half of the Company's directors do not concurrently serve as employees or managerial officers.

Note 2: Independent director Mr. Chueh, Ming-Fu resigned on March 9, 2026.

Table 1: Main Shareholders of Corporate Shareholder

As of March 31, 2026

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.	15.20%
	Chien-Zhan Co., Ltd.	9.28%
	Hao-Qing Investment Ltd.	1.39%
	Jhuang, Fu-Mei	1.10%
	Sun, Yong-Lu	1.08%
	Jhuang, Ai-Wei	0.91%
	Jhuang, Guo-Huei	0.83%
	HOTA Ind. Mfg Co., Ltd.	0.77%
	Huang, Feng-Yih	0.75%
	Custody Account at Citibank for Barclays Capital SBL/PB Investment Account	0.66%
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 March 31, 2026

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	30.00%
	Sun, Ming-Yi	23.34%
	Sun, Yu-Ting	23.33%
	Sun, Kuo-Wei	23.33%

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:

Name	Condition	Professional qualifications and experience	Independence situation	Number of companies the person serves as an Independent director
Kao Fong Machinery Co., Ltd. Representative: Sheng, Chien-Chih		<p>Master, Drucker Academy (US) Chairman, Hota Industrial Mfg. Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Independent Director, Orange Electronic Co., Ltd. Independent Director, Tan De Tech Co., Ltd. Independent Director, Globe Union Industrial Corp.</p> <p>Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act</p>	N/A	3
Sheng, Kuo-Jung		<p>MBA, University of Sydney, President, Hota Industrial Mfg. Co., Ltd. Director, Kao Fong Machinery Co., Ltd. Chairman, Hwa Fong Rubber Ind. Co., Ltd.</p> <p>Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act</p>	N/A	—
Lin, Yen-Huey		<p>Pacific Western University, Vice Chairman, Hota Industrial Mfg. Co., Ltd., Chairman, Kao Fong Machinery Co., Ltd. Director, World Known MFG (Cayman) Ltd.</p> <p>Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act</p>	N/A	—
Lin, Mei-Yu		<p>Has been serving as a director of Hota Industrial Mfg. Co., Ltd. since 1990.</p> <p>Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, operational management, crisis management, and industry knowledge. Does not meet the criteria listed in any Sections of Article 30 of the Company Act</p>	N/A	—
Huang, Feng-Yih		<p>Tainan Vocational High School, Director, Kao Fong Machinery Co., Ltd.</p> <p>Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act</p>	N/A	—
Wang, Hui-O		<p>Has been serving as a director of Hota Industrial Mfg. Co., Ltd. since 2017.</p> <p>Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, operational management, crisis management, and industry knowledge. Does not meet the criteria listed in any Sections of Article 30 of the Company Act</p>	N/A	—

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 Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act	N/A	—
Central Investment Co., Ltd. Representative: Lin, Yue-Hong (Note3)	Soochow University Vice Chairman, Central Motor Co., Ltd. Director, Chin Fong Machine Industrial Co., Ltd. Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act	N/A	—
Hao-Qing Investment Ltd. Representative: Sun, Yong-Lu	Has been serving as a director of Hota Industrial Mfg. Co., Ltd. since 2018. Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, operational management, crisis management, and industry knowledge. Does not meet the criteria listed in any Sections of Article 30 of the Company Act	N/A	—
Independent Director: Chueh, Ming-Fu	Doctor of Laws, National Chengchi University, Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act		—
Independent Director: Liu, Zheng-Huai	Doctor of Business Administration, National Taipei University, CPA, Hui-Jia CPA Firm, Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, accounting and financial analysis, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act	Serve as an Independent Director and meet the independence requirements: (1) including, but not limited to, that the person or the spouse or any relative of the person within the second degree of kinship is not a director, supervisor, or employee of the Company or any of its affiliate; (2) the person or the spouse or any relative of the person within the second degree of kinship does not hold more than 1% of the Company's issued shares; (3) the person is not a director, supervisor, or employee of the Company or any of its affiliates; (4) the person has not received any remuneration for providing business, legal, financial, or accounting services to the Company or any of its affiliates in the last two fiscal years; (5) the person has not served as an Independent Director of the Company for more than 3 terms.	3
Independent Director: Zhuang, Bo-Nian	Ph.D. in Industrial Education, National Changhua University of Education, Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, operational management, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act		2
Independent Director: Huang, Guo-Shu	Master's degree in International Politics, National Chung Hsing University, Has the work experience required by the Company's business operations and the core abilities required by the Board of Directors, including business judgment, operational management, international market perspective, crisis management, industry knowledge, leadership, and decision-making. Does not meet the criteria listed in any Sections of Article 30 of the Company Act		0

(2) Diversity and Independence of the Board of Directors:

A. Diversity of the Board of Directors:

In accordance with Article 20 of the “Corporate Governance Best Practice Principles”, the Company shall strengthen the functions and regulations of the Board of Directors, consider diversity in the composition of the Board of Directors, and formulate appropriate diversity guidelines for its operations, business model, and development needs, including but not limited to the following two major criteria:

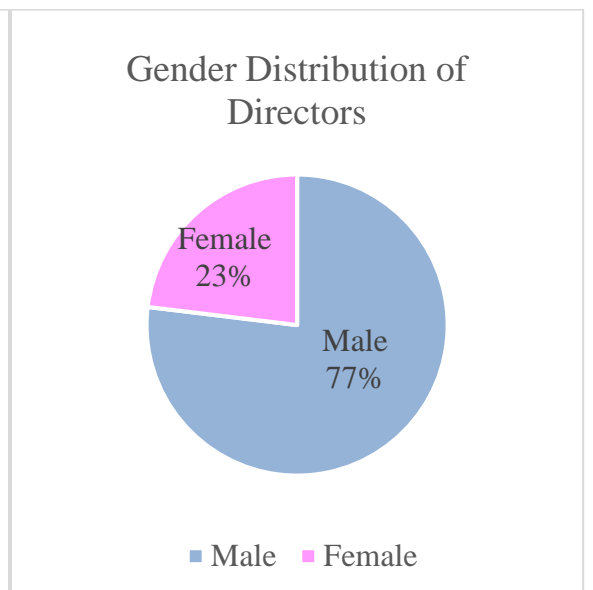
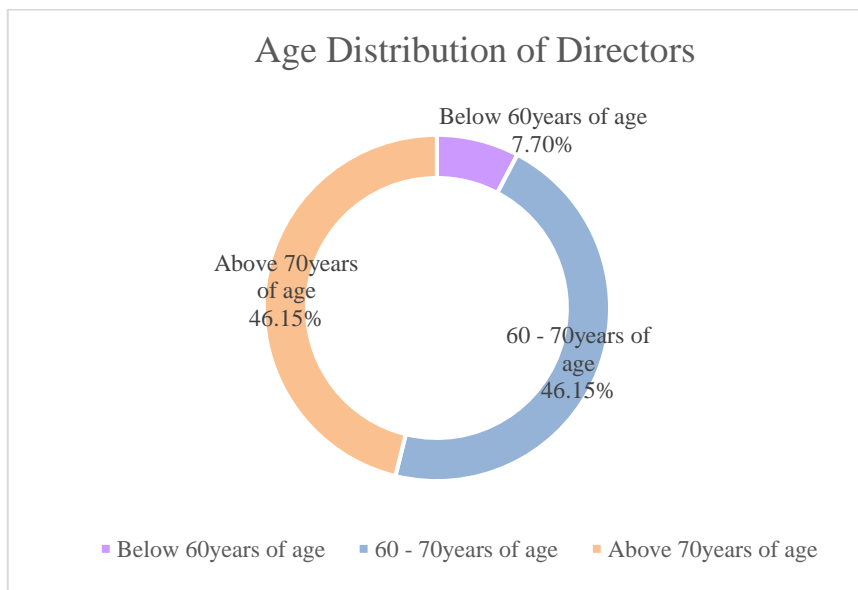
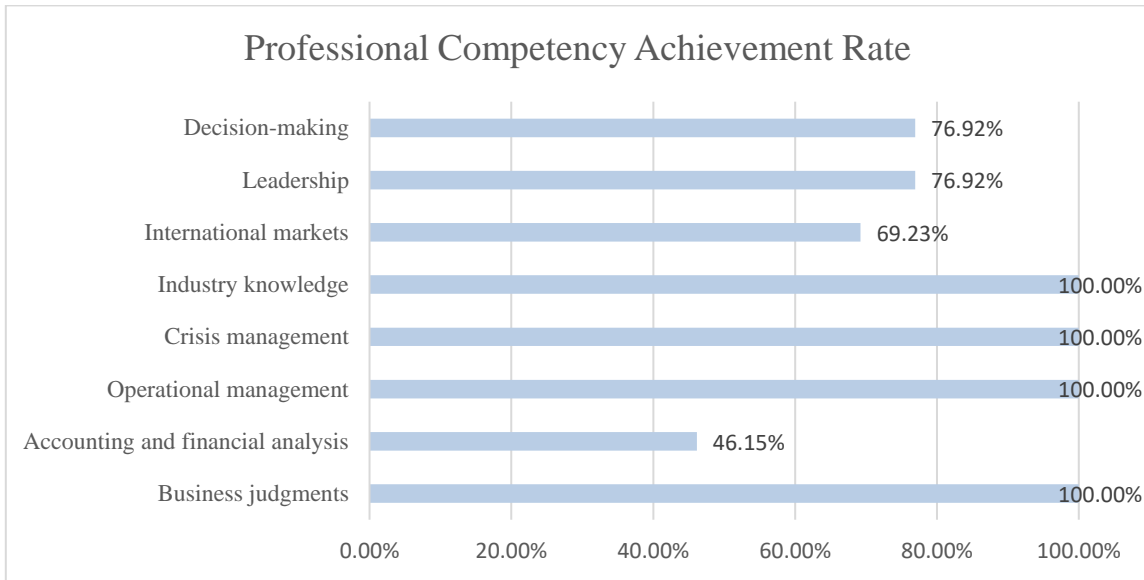
- a. Basic conditions and values include gender, age, nationality, and culture, among others.
- b. Professional knowledge and skills: Professional background (e.g. legal, accounting, industry, finance, marketing, or technology), professional skills and industry experience, etc.

Each Board member shall have the necessary knowledge, skill, and ability. To achieve the desired objectives of corporate governance, the Board as a whole must have abilities that include: Business judgment, accounting and financial analysis, operational management, crisis management, industry knowledge, international market perspective, leadership, and decision-making.

B. Board of Directors Diversity Specific Management Objectives and Progress in Diversity:

Management Objectives	Achievement Situations
1. Gender diversity	The selection of director candidates for the Company prioritizes professionalism and experience. Currently, the Board includes only three female directors, falling short of the one-third target. Adopted measures: The Company plans to seek suitable candidates through various channels to increase the number of female board members.
2. More than two-thirds of the Board members should possess core competencies including business judgment, operational management, and crisis management.	Achieved
3. Independent director has not served more than three terms	Achieved
4. Among the members of the Board of Directors, the number of directors who are employees of the Company, its parent, subsidiary or sister company shall be less than (including) 1/3 of the total number of directors	Achieved

Name of Director	Nationality	Gender	Whether or not the Director is also an Employee of the Company	Age of Director			Independent Director's term of office	Professional ability							
				Below 60years of age	60 - 70years of age	Above 70years of age		Business judgments	Accounting and financial analysis	Operational management	Crisis management	Industry knowledge	International markets	Leadership	Decision-making
Sheng, Chien-Chih	R.O.C.	Female	✓	✓	—	—	—	✓	✓	✓	✓	✓	✓	✓	✓
Sheng, Kuo-Jung	R.O.C.	Male	✓	—	—	✓	—	✓	✓	✓	✓	✓	✓	✓	✓
Lin, Yen-Huey	R.O.C.	Male	✓	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓
Lin, Mei-Yu	R.O.C.	Female	—	—	—	✓	—	✓	—	✓	✓	✓	—	—	—
Huang, Feng-Yih	R.O.C.	Male	—	—	✓	—	—	✓	—	✓	✓	✓	✓	✓	✓
Wang, Hui-O	R.O.C.	Female	—	—	—	✓	—	✓	—	✓	✓	✓	—	—	—
Chang, Yu-Jeng	R.O.C.	Male	—	—	—	✓	—	✓	✓	✓	✓	✓	✓	✓	✓
Lin, Yue-Hong	R.O.C.	Male	—	—	✓	—	—	✓	✓	✓	✓	✓	✓	✓	✓
Sun, Yong-Lu	R.O.C.	Male	—	—	✓	—	—	✓	—	✓	✓	✓	—	—	—
Chueh, Ming-Fu	R.O.C.	Male	—	—	—	✓	3rd term	✓	—	✓	✓	✓	✓	✓	✓
Liu, Zheng-Huai	R.O.C.	Male	—	—	—	✓	2nd term	✓	✓	✓	✓	✓	✓	✓	✓
Zhuang, Bo-Nian	R.O.C.	Male	—	—	✓	—	1st term	✓	—	✓	✓	✓	—	✓	✓
Huang, Guo-Shu	R.O.C.	Male	—	—	✓	—	1st term	✓	—	✓	✓	✓	✓	✓	✓



- C. Independence of the Board of Directors:
- a. According to the Company's Articles of Incorporation, the election of directors and independent directors adopts a candidate nomination system. Shareholders holding a specified number of shares or more may propose a list of candidates. The review of candidates' qualifications, including whether any of the disqualifying conditions set forth in Article 30 of the Company Act apply, is conducted in accordance with applicable laws and regulations. All relevant procedures are duly carried out and publicly disclosed to safeguard shareholders' rights and interests, prevent undue concentration of nomination rights, and maintain independence.
 - b. The current Board of Directors consists of 13 members, including 3 independent directors. The independent directors comply with applicable laws and regulations and, in conjunction with the functions of the Audit Committee, oversee the control and management of existing or potential risks faced by the Company. They also effectively supervise the implementation of the Company's internal control system, the appointment (or dismissal) and independence of the certified public accountants, and the fair presentation of the financial statements.
 - c. There are 4 directors who are related within the second degree of kinship, which does not exceed half of the total number of board seats and is in compliance with Article 26-3, Paragraph 3 of the Securities and Exchange Act.
 - d. The Company's Articles of Incorporation stipulate that independent directors may not serve more than three consecutive terms in order to maintain their independence. None of the current three independent directors has served more than three consecutive terms.

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

As of March 31, 2026

Role	Nationality	Name	Gender	Date of taking office	Shares Held		Shares Held by Spouse or Underage Children		Shares Held under Name of Other Parties		Main Experience (Education Background)	Concurrent Roles in Other Companies	Manager with Spousal Relationship or 2 nd Degree of Kinship			Remarks
					Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Role	Name	Relationship	
President	R.O.C.	Sheng, Kuo-Jung	Male	1990/6/25	3,647,963	1.31	37,140	0.01	0	0	Honorary Doctorate, International American University (IAU), USA Master of Business Administration (MBA), University of Sydney, Australia Honorary Doctorate in Management, Chaoyang University of Technology, Taiwan	Honorary Chairman, Kao Fong Machinery Co., Ltd. Chairman, Hwa Fong Rubber Ind. Co., Ltd. Chairman, Mediera Corporation.	Chairman	Sheng, Chien-Chih	Daughter	Note1
General Manager	R.O.C.	Chen, Chun-Chih	Male	1998/9/1	33,165	0.01	0	0	0	0	Vice President, CENDAI INDUSTRIAL CO., LTD. Department of Industrial Engineering, Feng Chia University	Director, Ling-Wei Co., Ltd.	None	None	None	None
Vice President	R.O.C.	Sun, Cheng-Zhi	Male	2017/6/1	11,782	0	0	0	0	0	President, HOWIN PRECISION CO., LTD. College Student Class, ROC Military Academy	Director, Ju-Da Smart Technology Co., Ltd.	None	None	None	None
Vice President Concurrently Serving as Financial Supervisor	R.O.C.	Sheng, Shui-Hsiang	Male	1997/1/1	1,003,277	0.36	1,073	0	0	0	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.	None	None	None	None
Vice President	R.O.C.	Chang, Ren-You	Male	2016/1/1	0	0	0	0	0	0	Department of Mechanical Engineering, Nankai Junior Colleges of Technology	None	None	None	None	None
Vice President	R.O.C.	Wu, Zhao-He	Male	2017/6/1	350	0	0	0	0	0	Department of Economics, Tamkang University Section Chief, JOHN-VALVE MFG. FACTORY CO., LTD Sales Engineer, SYRIS Technology Corp	None	None	None	None	None
Senior Manager	R.O.C.	Chen, Tang-Ping	Male	2012/5/14	909	0	0	0	0	0	Department of Machinery, Yunlin Industrial College	Director, Ju-Da Smart Technology Co., Ltd.	None	None	None	None
Senior Manager	R.O.C.	Liu, Jian-Yi	Male	2017/6/1	0	0	0	0	0	0	Junior Colleges of Technology Automation Designer, Tatung Company Department of Machinery, Lunghwa	None	None	None	None	None
Senior Manager	R.O.C.	Chen, Yueh-Huang	Male	2025/8/25	4,875	0	0	0	0	0	Department of Business Administration, Yuan Ze University	None	None	None	None	None

Accounting Manager	R.O.C.	Li, Yuan-Ji	Male	2024/2/1	6,000	0	6,000	0	0	0	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.	None	None	None	None
--------------------	--------	-------------	------	----------	-------	---	-------	---	---	---	---	---	------	------	------	------

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: Mr. Sheng, Kuo-Jung (President) and Ms. Sheng, Chien-Chih (Chairperson).

Reasons, rationale, and necessity: The Company adopts a dual leadership structure to facilitate succession planning and enhance overall management efficiency.

Measures adopted: The number of independent directors was increased in the 2023 board re-election. Currently, more than half of the Company's directors do not concurrently serve as employees or managerial officers.

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	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Sheng, Kuo-Jung, Lin, Yen-Huey, Wang, Hui-O, Lin, Mei-Yu, 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, Liu, Zheng-Huai, Zhuang, Bo-Nian, Huang, Guo-Shu	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Sheng, Kuo-Jung, Lin, Yen-Huey, Wang, Hui-O, Lin, Mei-Yu, 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, Liu, Zheng- Huai, Zhuang, Bo-Nian, Huang, Guo-Shu	Wang, Hui-O, Lin, Mei-Yu, 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, Liu, Zheng- Huai, Zhuang, Bo-Nian, Huang, Guo-Shu	Wang, Hui-O, Lin, Mei-Yu, 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, Liu, Zheng- Huai, Zhuang, Bo-Nian, Huang, Guo-Shu
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)	–	–	–	–
NTD 5,000,000(incl.) ~ NTD 10,000,000(under)	–	–	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Sheng, Kuo-Jung, Lin, Yen-Huey,	Kao Fong Machinery Co., Ltd. (Representative: Sheng, Chien-Chih) Sheng, Kuo-Jung, Lin, Yen-Huey,
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	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-subsidiary 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-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 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-subsidiary 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	Sheng, Kuo-Jung	4,633	7,055	366	366	1,800	1,800	0	0	0	0	6,799 (-0.90)	9,221 (-1.22)	None
General Manager	Chen, Chun-Chih	3,306	3,306	255	255	1,800	1,800	0	0	0	0	5,361 (-0.71)	5,361 (-0.71)	None
Vice President	Sheng, Shui- Hsiang	1,728	1,728	111	111	300	300	0	0	0	0	2,139 (-0.28)	2,139 (-0.28)	None
Vice President	Sun, Cheng-Zhi	1,707	1,707	110	110	320	320	0	0	0	0	2,137 (-0.28)	2,137 (-0.28)	None
Vice President	Chang, Ren-You	1,297	1,297	84	84	220	220	0	0	0	0	1,601 (-0.21)	1,601 (-0.21)	None
Vice President	Wu, Zhao-He	1,223	1,223	79	79	220	220	0	0	0	0	1,522 (-0.20)	1,522 (-0.20)	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)	Chang, Ren-You, Wu, Zhao-He	Chang, Ren-You, Wu, Zhao-He
NTD 2,000,000(incl.) ~ NTD 3,500,000(under)	Sheng, Shui-Hsiang, Sun, Cheng-Zhi	Sheng, Shui-Hsiang, Sun, Cheng-Zhi
NTD 3,500,000(incl.) ~ NTD 5,000,000(under)	–	–
NTD 5,000,000(incl.) ~ NTD 10,000,000(under)	Sheng, Kuo-Jung、Chen, Chun-Chih	Sheng, Kuo-Jung、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-subsiary 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-subsiary re-invested businesses or the Parent Company, the remuneration relevant to non-subsiary 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-subsiary 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. Name of Managers Conducting Distribution of Employees' Compensation and Distribution Status

Unit: Thousand shares/NT\$ thousand; December 31, 2025

	Role	Name	Stock Amount	Cash Amount	Total	Proportion of Total to Net Profit After Tax (%)
Managers	President	Sheng, Kuo-Jung	0	0	0	0
	Chairman	Sheng, Chien-Chih				
	Vice Chairman	Lin, Yen-Huey				
	General Manager	Chen, Chun-Chih				
	Vice President	Sheng, Shui-Hsiang				
	Vice President	Sun, Cheng-Zhi				
	Vice President	Chang, Ren-You				
	Vice President	Wu, Zhao-He				
	Senior Manager	Chen, Tang-Ping				
	Senior Manager	Liu, Jian-Yi				
	Senior Manager	Chen, Yue-Huang				
	Accounting Department Supervisor	Li, Yuan-Ji				

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

Year	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
2025	33,379	37,430	-4.41	-4.95
2024	38,825	43,053	19.90	22.07

(2) The policy, standards, and packages for payment of remuneration, the procedure for determining remuneration, and its linkage to business performance and future risk exposure:

A. Policy, Standards, and Packages for Payment of Remuneration

a. Board of Directors Compensation:

The Company's compensation for directors is governed by the Articles of Incorporation and relevant regulations on director remuneration and reward management. It is determined with consideration of the Company's operating results and each director's responsibilities and contributions. The compensation includes remuneration, business execution expenses, and director compensation.

b. Compensation for the General Manager and Deputy General Manager:

The Company's compensation policy is based on overall operational performance and uses management performance achievement rates and contribution levels as key evaluation criteria. Industry economic conditions, participation in R&D activities, product innovation, and product quality/yield are also taken into account for adjustments. Compensation includes salary, bonuses, and various allowances, and is determined based on job position and responsibilities, with reference to industry

standards for similar positions. The structure is reviewed and approved by the Remuneration Committee.

B. Procedure for Determining Remuneration

a. Board of Directors Compensation:

The allocation and distribution of directors' remuneration are conducted in accordance with the Company's Articles of Incorporation. If the Company reports annual profits, no less than 2% shall be allocated as employee compensation, which may be distributed in cash or shares upon resolution by the Board of Directors. The recipients and conditions are determined by the Board. In addition, up to 5% may be allocated as directors' compensation upon Board resolution.

b. Compensation for the General Manager and Deputy General Manager:

The performance evaluation of managerial personnel includes both financial indicators (such as achievement rates of revenue, gross margin, pre-tax profit, and net profit) and non-financial indicators (such as product development progress, regulatory compliance, and risk management performance). The Chairman determines the performance evaluation results based on operational performance, which are then reviewed and approved by the Remuneration Committee.

C. Relationship Between Business Performance and Future Risks

a. Board of Directors Compensation:

Independent directors receive fixed monthly remuneration, which does not vary with the Company's profitability, and they do not participate in the distribution of directors' bonuses. The remuneration of non-independent directors is recommended by the Remuneration Committee after comprehensive consideration of board operations, corporate performance, and risk exposure, and is submitted to the Board of Directors for resolution.

b. Compensation for the General Manager and Deputy General Manager:

The performance objectives of managerial personnel are integrated with risk management mechanisms to ensure that potential risks within their responsibilities are properly managed and mitigated. Compensation is awarded based on actual performance evaluation results and is linked to relevant remuneration policies. Major business decisions are made after careful consideration of various risk factors, and the outcomes are reflected in the Company's overall profitability, thereby creating a linkage between executive compensation and risk management performance.

In addition, the Company has progressively incorporated ESG (Environmental, Social, and Governance) performance into the performance evaluation and compensation system for management. This includes environmental aspects (such as energy conservation, carbon reduction, pollution prevention, and regulatory compliance), social aspects (such as occupational safety and health, talent development, and stakeholder communication), and governance aspects (such as integrity management and supply chain management), in order to enhance long-term value creation and sustainable business development capabilities.

(III) Corporate Governance Operation Status

1. Board of Directors Operation Status:

A total of 6 (A) meetings of the Board of Directors were held in 2025. The attendance of the directors was as follows:

Role	Name	Number of Actual Presence (Attendance) B	Number of Delegated Presence	Actual Presence (Attendance) Rate (%) [B/A]	Remarks
Chairman	Kao Fong Machinery Co., Ltd. Representative: Sheng, Chien-Chih	6	0	100	Re-elected
Director	Sheng, Kuo-Jung	6	0	100	Re-elected
Director	Lin, Yen-Huey	6	0	100	Re-elected
Director	Lin, Mei-Yu	4	0	67	Re-elected
Director	Huang, Feng-Yih	6	0	100	Re-elected
Director	Central Investment Co., Ltd. Representative: Chang, Yu-Jeng	5	1	83	Re-elected
Director	Central Investment Co., Ltd. Representative: Lin, Yue-Hong	3	3	50	Re-elected
Director	Hao-Qing Investment Ltd. Representative: Sun, Yong-Lu	6	0	100	Re-elected
Director	Wang, Hui-O	4	2	67	Re-elected
Independent Director	Chueh, Ming-Fu	5	1	83	Re-elected (Note 1)
Independent Director	Liu, Zheng-Huai	6	0	100	Re-elected
Independent Director	Zhuang, Bo-Nian	6	0	100	New
Independent Director	Huang, Guo-Shu	3	0	100	New (Note 2)

Note 1: Independent Director, Mr. Chueh, Ming-Fu, resigned on March 9, 2026.
Note 2: Independent Director, Mr. Huang, Guo-Shu, was appointed on June 10, 2025.

Other Matters for Disclosure:

- (1) The operation of the Board of Directors' meeting shall state the date and period of the Board meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following circumstances apply:
 - A. Matters set forth in Article 14-3 of the Securities and Exchange Act:
Pursuant to Article 14-5 of the Securities and Exchange Act, the Company is not subject to Article 14-3 of the Act.
 - B. In addition to the foregoing, other resolutions of the Board of Directors to which Independent Directors have expressed dissenting or qualified opinions, and for which records or written statements exist: None.
- (2) The implementation of directors' recusal due to conflicts of interest, including the names of the directors, the content of the proposals, the reasons for recusal, and their participation in voting: None.
- (3) Listed companies should disclose information on the periodicity and duration, scope, method and content of the evaluation of the self (or peer) evaluation by the board of directors. The Company has completed the Board performance self-evaluation for 2025. The results were reported to the Board of Directors in the first quarter of 2026 as a reference for review and improvement.
The overall average score for the Board performance evaluation was 4.95 out of 5, and the average score for individual directors was also 4.95 out of 5, indicating effective operation of

the Board. The performance evaluation results for the Audit Committee and the Compensation Committee were 4.99 and 5.00 out of 5, respectively, with all members expressing satisfaction with the evaluation criteria.

Implementation Status on Appraisal of Board of Directors

Appraisal Interval	Appraisal Period	Scope of Appraisal	Appraisal Method	Appraisal Contents	Evaluation Result
Conducted once every year	2025/01/01-2025/12/31	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:4.95
Conducted once every year	2025/01/01-2025/12/31	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:4.95
Conducted once every year	2025/01/01-2025/12/31	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:4.99
Conducted once every year	2025/01/01-2025/12/31	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

(4) Goals and implementation assessment for strengthening of the Board of Directors function in the current year and in the most recent year:

- A. Strengthening Board functions: The Company's Board of Directors operates in accordance with the "Rules of Procedure for Board of Directors Meetings," and Directors' attendance at Board meetings is disclosed on the Market Observation Post System (MOPS). To uphold the spirit of corporate governance and enhance information transparency, the Company fully discloses operational and financial information on its official website. In addition, Directors are encouraged to participate in continuing education programs to strengthen the functions of the Board of Directors.
- B. Enhancement of information transparency: The Company's financial statements are audited and certified on a regular basis by Ernst & Young (EY) Taiwan. All information disclosures required by laws and regulations are properly and timely completed. The Company has designated dedicated personnel responsible for information collection and disclosure, and has established a spokesperson system to ensure that material information is disclosed in a timely and appropriate manner.
- C. Strengthening Board supervision and risk management functions: To enhance the supervisory function of the Board and strengthen risk management, the Company resolved at the Board meeting held on November 6, 2025 to establish a Risk Management Committee. The Committee is responsible for formulating risk management policies and providing advisory recommendations on major risk-related matters.
- D. Enhancement of governance structure: To improve the functions of the Board and strengthen the management mechanism, the Company resolved at the Board meeting held on November 6, 2025 to establish a Nomination Committee.

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 2025, a total of 5 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)	Remarks
Independent Director	Chueh, Ming-Fu	4	1	80	Re-elected (Note 1)
Independent Director	Liu, Zheng-Huai	5	0	100	Re-elected
Independent Director	Zhuang, Bo-Nian	5	0	100	New
Independent Director	Huang, Guo-Shu	3	0	100	New (Note 2)

Note 1: Independent Director, Mr. Chueh, Ming-Fu, resigned on March 9, 2026.

Note 2: Independent Director, Mr. Huang, Guo-Shu, was appointed on June 10, 2025.

(2) Main Matters for Audit Committee Review:

- A. Fair presentation of the Company's financial statements.
- B. Appointment (or dismissal), independence, and performance of the independent auditors.
- C. Effective implementation of the Company's internal control system.
- D. Compliance with applicable laws and regulations.
- E. Management of the Company's existing or potential risks.

Other Matters for Disclosure:

(1) Annual Operational Status:

- A. Matters set forth 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
2025/03/13	<ol style="list-style-type: none"> 1. Review and approval of the Company's 2024 Business Report, Parent Company Only Financial Statements, and Consolidated Financial Statements. 2. Proposal for the issuance of the 2024 Internal Control System Statement. 3. Assessment of the independence and suitability of the Company's certified public accountants. 4. Proposal for the change of the Company's certified public accountants. 5. Proposal for the definition and scope of "entry-level employees" and amendment of the Company's Articles of Incorporation. 6. Proposal for amendment of the Company's "Delegation of Authority Table". 7. Proposal for establishment of the Company's "Pre-Approval Procedures for Non-Assurance Services Provided by Certified Public Accountants". 8. Proposal for amendment of the Company's "Related Party Transaction Management Regulations". 9. Proposal for the use of derivative financial instruments by the Company in 2025 to hedge foreign exchange risk. 	Agree	Passed as Proposed
2025/05/08	<ol style="list-style-type: none"> 1. Review of the Company's Consolidated Financial Statements for the First Quarter of 2025. 2. Proposal for loans of funds to supplier Yong Jin Guan Metal Co., Ltd. 3. Proposal for loans of funds to supplier Yong Bao Li Industrial Co., Ltd. 	Agree	Passed as Proposed
2025/06/10	Capital injection investment proposal for the Company's PRC subsidiary, Howon (Huai'an) Automobile Components Company Limited, upon capital contribution fulfillment.	Agree	Passed as Proposed
2025/08/07	<ol style="list-style-type: none"> 1. Review of the Company's Consolidated Financial Statements for the Second Quarter of 2025. 2. Proposal for renewal and extension of endorsement and guarantee limits for the Company's subsidiary, Howon (Huai'an) Automobile Components Company Limited. 3. Proposal for loans of funds to the Company's subsidiary, Howon (Huai'an) Automobile Components Company Limited. 4. Proposal for providing U.S. dollar time deposit guarantees for the Company's subsidiary, Howon (Huai'an) Automobile Components Company Limited. 5. Proposal for establishment of the "Sustainable Development Committee Charter". 6. Proposal for establishment of the "Nomination Committee Charter". 	Agree	Passed as Proposed
2025/11/06	<ol style="list-style-type: none"> 1. Proposal for the Company's consolidated financial statements for the third quarter of 2025. 2. Proposal for renewal and extension of endorsement and guarantee facility for the Company's subsidiary, He Wang Automotive Parts (Huai'an) Co., Ltd. 3. Proposal for the appointment of a deputy to the Chief Accounting Officer. 4. Proposal for amendment to certain provisions of the Company's "Ethical Corporate Management Best Practice Principles." 5. Proposal for amendment to certain provisions of the Company's "Corporate Governance Best Practice Principles." 6. Proposal for the establishment of the "Compensation Allocation Management Regulations for Entry-Level Employees." 7. Proposal for the establishment of the "Risk Management Policy and Procedures." 8. Proposal for the establishment of a subsidiary in New York State, United States of America. 	Agree	Passed as Proposed

B. In addition to the above-mentioned items, other resolutions not approved by the Audit Committee but approved by two-thirds or more of the Company's directors: None.

(2) The disclosure of independent directors' recusal from interested matters should specify the names of the independent directors, the content of the motion, the reasons for recusal, and their participation in voting: None.

(3) Independent directors' communication with internal auditors and accountants (for example, methods and results of communication over the Company's financial and business status, etc.):

A. Communication status between independent directors and accountants:

After the completion of the annual financial statement audit, the independent directors and the signing auditors communicate and discuss the audit scope, audit approach, and key audit matters prior to the Audit Committee meeting.

The certified public accountant communicates with the independent directors at the audit committee meetings on a quarterly basis regarding the review results or financial statement audits of the Company and its subsidiaries, and has reached consensus on relevant matters through adequate and excellent communication.

The accountant will explain and communicate with the independent directors on an irregular basis regarding the update of relevant regulations and whether the amendment of laws and regulations affects the way of accounting.

Summary of communication for 2025:

Date	Communication Matters	Results
2025/03/13	Separate communication meeting (prior to the Audit Committee meeting) – Other matters related to the 2024 parent-company-only and consolidated financial statements	No recommendations
2025/03/13	Communication and discussion regarding the audit results of the 2024 parent-company-only and consolidated financial statements	No objections raised; approved as proposed
2025/05/08	Communication and discussion regarding the review results of the first quarter 2025 consolidated financial statements	No objections raised; approved as proposed
2025/08/07	Communication and discussion regarding the review results of the second quarter 2025 consolidated financial statements	No objections raised; approved as proposed
2025/11/06	Communication and discussion regarding the review results of the third quarter 2025 consolidated financial statements	No objections raised; approved as proposed

B. Communication between independent directors and internal auditors:

The Company's head of internal audit sends monthly audit reports and tracking report related information to the independent directors for review, who will provide guidance to the internal audit unit through this communication mechanism.

The head of internal audit attends and presents business reports at the Board of Directors and audit committee meetings.

Summary of communication for 2025:

Date	Communication Matters	Communication Results	Board Resolution / Implementation
2025/03/13	Internal audit report as of February 2025	All attending committee members noted the report with no comments or objections; reported to the	Noted by the Board of Directors

		Board of Directors	
2025/03/13	Issuance of the Statement on Internal Control System for fiscal year 2024	All attending committee members raised no objections; resolved to submit to the Board of Directors for approval	Approved by the Board of Directors
2025/05/08	Internal audit report as of April 2025	All attending committee members noted the report with no comments or objections; reported to the Board of Directors	Noted by the Board of Directors
2025/08/07	Internal audit report as of July 2025	All attending committee members noted the report with no comments or objections; reported to the Board of Directors	Noted by the Board of Directors
2025/11/06	Internal audit report as of October 2025	All attending committee members noted the report with no comments or objections; reported to the Board of Directors	Noted by the Board of Directors
2025/11/06	Proposal for the 2026 Internal Audit Plan	All attending committee members raised no objections; resolved to submit to the Board of Directors for approval	Approved by the Board of Directors

3. Differences and Reasoning for the Status of Corporate Governance and Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

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. Does the Company establish and disclose its corporate governance principles 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. Company Stock Equity Structure and Shareholders' Rights			
(1) Did the Company establish internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implement the procedures accordingly?	✓	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.	No material disparity.
(2) Does the Company have in possession the list of major shareholders that have actual control over the Company as well as the list of major shareholders with final control?	✓	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.	No material disparity.
(3) Did the Company establish and execute risk control mechanism for affiliates, and firewall methods?	✓	The Company strictly conducts endorsements, guarantees, and intercompany loans with affiliated enterprises in accordance with relevant regulations. It has also established the “Regulations Governing Related Party Transactions” to ensure sound financial and business dealings between the Company and its affiliates, and to prevent irregular transactions or improper transfer of benefits in matters such as purchases and sales, acquisition or disposal of assets, endorsements and guarantees, and intercompany financing with related parties.	No material disparity.
(4) Did the Company establish internal regulations stipulating that employees shall not use undisclosed information to engage in the transaction of marketable securities?	✓	Article 10 of the Company's “Corporate Governance Best Practice Principles” clearly stipulates stock trading control measures for insiders from the time they become aware of the Company's financial reports or related performance information. These measures include, but are not limited to, a prohibition on directors trading their shares during the closed period of 30 days prior to the announcement of the annual financial report and 15 days prior to the announcement of each quarterly financial report. Prior to each annual and quarterly financial report announcement, the Company's corporate governance unit proactively issues notifications to remind directors and relevant insiders to comply with the restriction on stock trading during the closed period.	No material disparity.
3. Board compositions and responsibilities			
(1) Does the Board of Directors formulate and implement diversified policies and specific management objectives?	✓	For information related to the Diversity and Independence of the Board of Directors, please refer to Page 12.	No material disparity.
(2) Does the Company voluntarily establish other functional committees in addition to remuneration committee and audit committee?	✓	In addition to establishing the Remuneration Committee and the Audit Committee in accordance with the law, the Company has also set up a Nomination Committee, a Risk Management Committee, and a Sustainability Development Committee.	No material disparity.
(3) Does the Company have a set of Board of Directors' performance evaluation guidelines and its evaluation method, conduct performance evaluation annually and regularly, and report the results of performance evaluation to the Board	✓	The Company has established regulations governing the performance evaluation of the Board of Directors and its evaluation methods. At the end of each fiscal year, the unit responsible for board affairs conducts performance evaluations of the overall Board, individual directors, and functional committees through questionnaires.	No material disparity.

Appraisal Items	Operation Status (Note 1)		Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity																	
	Yes	No		Summary Descriptions																
of Directors to serve as reference of individual director's remuneration and nomination for reappointment?			The Company completes the performance evaluations of the Board and functional committees for the previous year by the end of the first quarter of each year, and reports the results to the Board of Directors as a reference for the nomination and reappointment of directors. Relevant information, including the evaluation criteria, methods, implementation status, and results, has been disclosed on page 24 of the annual report.																	
(4) Does the Company evaluate the independence of CPAs on a regular basis?	✓		<p>The Company's Audit Committee evaluates the independence and suitability of the certified public accountants (CPAs) once a year. The evaluation includes independence requirements review, independence safeguards review, and suitability assessment. In addition, the evaluation is conducted in accordance with the "Audit Quality Indicators (AQIs)" framework issued by the Financial Supervisory Commission (FSC), covering five key dimensions, including professionalism, independence, quality control, regulatory oversight, and innovation capability. Please refer to Note 1 for detailed evaluation items and results.</p> <p>Based on the overall evaluation results, the CPAs and their audit firm meet the required standards in terms of independence, suitability, and audit quality indicators. The results were reported to the Audit Committee and approved by the Board of Directors on March 12, 2026.</p>	No material disparity.																
4. Does the listed company have an appropriate number of qualified corporate governance personnel, and has it appointed a corporate governance officer responsible for corporate governance-related matters, including but not limited to providing information required for directors to perform their duties, assisting directors in complying with applicable laws and regulations, handling matters related to Board of Directors and shareholders' meetings in accordance with the law, and preparing minutes of Board and shareholders' meetings?	✓		<p>The Company, by resolution of the Board of Directors on March 14, 2024, has appointed Associate Senior Manager Li, Yuan-Ji, who has more than three years of experience in managing corporate governance-related affairs, as the Corporate Governance Officer.</p> <p>The Company's corporate governance-related operations are handled by the Finance Department. These responsibilities include organizing shareholders' meetings, board meetings, and functional committee meetings; preparing meeting minutes; assisting directors with onboarding and continuing education; providing directors with information necessary for the execution of their duties; assisting directors in complying with laws and regulations; handling company registration amendments; and other matters stipulated by the Articles of Incorporation or contractual agreements.</p> <p>In 2025, the Corporate Governance Officer completed a total of 15 hours of professional training, which is in compliance with Article 24, Paragraph 2 of the "Rules for the Establishment of the Board of Directors," requiring Corporate Governance Officers to complete at least 12 hours of continuing education annually.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Organizer</th> <th>Course Title</th> <th>Training Hours</th> </tr> </thead> <tbody> <tr> <td>June 25, 2025</td> <td>Taiwan Academy of Banking and Finance</td> <td>Corporate Governance Forum</td> <td>3</td> </tr> <tr> <td>July 9, 2025</td> <td>Taiwan Stock Exchange</td> <td>2025 Cathay Sustainable Finance and Climate Change Summit Forum</td> <td>6</td> </tr> <tr> <td>August 7, 2025</td> <td>Science Park Industry</td> <td>Legal Issues the Board Should</td> <td>3</td> </tr> </tbody> </table>	Date	Organizer	Course Title	Training Hours	June 25, 2025	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3	July 9, 2025	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit Forum	6	August 7, 2025	Science Park Industry	Legal Issues the Board Should	3	No material disparity.
Date	Organizer	Course Title	Training Hours																	
June 25, 2025	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3																	
July 9, 2025	Taiwan Stock Exchange	2025 Cathay Sustainable Finance and Climate Change Summit Forum	6																	
August 7, 2025	Science Park Industry	Legal Issues the Board Should	3																	

Appraisal Items	Operation Status (Note 1)				Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity
	Yes	No	Summary Descriptions		
			Association of Taiwan	Understand – Avoiding Antitrust Violations and Insider Trading Analysis	
		August 7, 2025	Science Park Industry Association of Taiwan	Gender Equality and Sustainable Development under Corporate Governance	3
5. Does the company establish communication channels (including but not limited to shareholders, employees, customers and suppliers, etc.) and establish a dedicated section on its website for stakeholders, and properly respond to corporate social responsibility issues of concern to the stakeholders?	✓		The Company has established communication channels with stakeholders and has disclosed contact phone numbers and email addresses in the “Investor Relations / Corporate Governance / Stakeholders” section of its website for public access. The Company reports to the Board of Directors on an annual basis regarding its communication with stakeholders. The communication status for 2025 was reported at the Board meeting on November 6, 2025.		No material disparity.
6. Does the Company designate a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has engaged Taishin Securities Co., Ltd., Stock Affairs Agent Department, to administer matters related to its shareholders’ meetings.		No material disparity.
7. Information disclosure					
(1) Has the Company established a corporate website to disclose information regarding the Company's financial, business and corporate governance status?	✓		The Company has set up a website to disclose the important rules and regulations of the Company, as well as the related information and execution of financial, business and corporate governance.		No material disparity.
(2) Did the Company adopt other information disclosure methods (such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the Company's website, etc.)?	✓		The Company's information is disclosed in the following manner: 1. We have set up a website in English and Chinese, and appointed dedicated staff to collect and disclose relevant information. 2. Designated a spokesperson and an acting spokesperson. 3. The Company's financial information is disclosed to public investors through the Company's website and the Market Observation Post System. 4. Information and presentation materials related to the corporate meeting are announced on the Company's website for investors' reference.		No material disparity.
(3) Did the Company announce and report the annual financial report within two months after the end of the fiscal year? Did the Company announce and report the first, second, and third quarter financial reports and the monthly operating conditions well in advance of the required deadline?	✓		The financial reports for the first, second and third quarters of 2024 as well as the operating results for each month were announced and reported within the prescribed time limits. 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.		No material disparity.
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management	✓		1. Employee Rights and Employee Care: (1) The systems adopted by the Company regarding employee rights are handled in accordance with applicable laws and are detailed in the “Work Rules” and related management regulations. These documents clearly define employees’ rights and obligations as well as relevant welfare benefits. The Company also conducts periodic reviews and revisions of welfare-		No material disparity.

Appraisal Items	Operation Status (Note 1)		Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity
	Yes	No	
policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			<p>related provisions to safeguard employee rights and interests.</p> <p>(2) In terms of employee welfare measures, the Company aims to promote harmonious labor relations, strengthen employee cohesion, and enhance employee welfare. In addition to statutory requirements (such as menstruation leave, family care leave, paternity checkup and paternity leave, miscarriage leave, maternity leave, prenatal checkup leave, and unpaid parental leave), the Company has established an Employee Welfare Committee to promote various welfare programs, including employee health examinations, festival bonuses, various subsidies, and year-end gatherings, as well as to facilitate communication between labor and management.</p> <p>(3) Regarding the retirement system, in order to reward employees for their professional service, ensure an appropriate standard of living, and promote workforce renewal to improve operational efficiency, the Company has established an employee retirement plan in accordance with the Labor Standards Act (Taiwan) and related regulations. Currently, the Company contributes 6% under the new pension system and 2% under the old pension system, both of which comply with statutory requirements. In 2025, a total of 8 eligible employees applied for retirement.</p> <p>(4) The Company is committed to fostering a climate of mutual trust between labor and management and places emphasis on internal communication. Multiple channels for employee complaints have been established, including a dedicated employee complaint mailbox. In addition, labor-management meetings, occupational safety meetings, and internal announcements are used to promptly communicate relevant information to ensure employees are informed of the Company's operations.</p> <p>(5) To prevent workplace sexual harassment or other violations of employee rights, the Company has issued a written statement on the prevention of unlawful workplace infringement, established the "Regulations for the Prevention and Handling of Sexual Harassment," and conducts annual training programs.</p> <p>2. Investor Relations: The Company has designated personnel responsible for information disclosure on the Market Observation Post System (MOPS) and the Company's website. A shareholder Q&A channel and spokesperson contact information have been established on the Company's website to maintain communication and interaction with shareholders.</p> <p>3. Supplier Relations: The Company has established the "Regulations Governing Supplier Management and Evaluation" to ensure that suppliers meet the Company's requirements in terms of delivery, quality, and pricing. In addition, the Company has formed a supplier communication platform and conducts joint training programs for suppliers. Regular supplier engagement activities are also organized to foster effective communication and build strong partnership relationships.</p>

Appraisal Items	Operation Status (Note1)		Summary Descriptions	Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity												
	Yes	No														
			<p>4. Stakeholders' Rights: The Company has disclosed stakeholder communication channels on its corporate website, annual report, and ESG sustainability report, enabling stakeholders to communicate directly with the responsible personnel. This ensures that stakeholders' legitimate rights and interests are duly protected.</p> <p>5. Directors' Training: The Company commissioned the Taiwan Science Park Industry Association to conduct professional training courses for its directors, totaling 6 hours.</p> <table border="1"> <thead> <tr> <th>Date</th> <th>Organizer</th> <th>Course Title</th> <th>Training Hours</th> </tr> </thead> <tbody> <tr> <td>August 7, 2025</td> <td>Science Park Industry Association of Taiwan</td> <td>Legal Issues the Board Should Understand – Avoiding Antitrust Violations and Insider Trading Analysis</td> <td>3</td> </tr> <tr> <td>August 7, 2025</td> <td>Science Park Industry Association of Taiwan</td> <td>Gender Equality and Sustainable Development under Corporate Governance</td> <td>3</td> </tr> </tbody> </table>	Date	Organizer	Course Title	Training Hours	August 7, 2025	Science Park Industry Association of Taiwan	Legal Issues the Board Should Understand – Avoiding Antitrust Violations and Insider Trading Analysis	3	August 7, 2025	Science Park Industry Association of Taiwan	Gender Equality and Sustainable Development under Corporate Governance	3	
Date	Organizer	Course Title	Training Hours													
August 7, 2025	Science Park Industry Association of Taiwan	Legal Issues the Board Should Understand – Avoiding Antitrust Violations and Insider Trading Analysis	3													
August 7, 2025	Science Park Industry Association of Taiwan	Gender Equality and Sustainable Development under Corporate Governance	3													
			<p>6. Implementation of risk management policies and risk assessment standards: The Company has established management policies for key performance indicators and implements them in accordance with internal procedures.</p> <p>7. Implementation of customer policies: The Company is committed to enhancing product quality and strengthening technical capabilities, and has established customer service channels to provide customers with high-quality products and services.</p> <p>8. Directors' and Officers' Liability Insurance (D&O Insurance): The Company has arranged D&O insurance for its directors and managers. The insurance coverage period is from July 24, 2025 to July 24, 2026, with coverage amounting to USD 3 million.</p>													
			<p>9. In order to effectively manage and safeguard intellectual property, the Company reports intellectual property-related matters to the Board of Directors on a regular annual basis (the most recent report was presented on November 6, 2025). The status and achievements of intellectual property rights are as follows: Patents: As of December 2025, the Company has one granted and valid patent, and zero patent applications pending. Trademarks: As of December 2025, the Company has 28 registered and valid trademarks, and zero trademark applications pending.</p>													
			<p>10. The Company places high importance on personal data protection. In accordance with the Personal Data Protection Act (Taiwan) and relevant regulations, the Company has established and publicly announced the "Personal Data Protection Management Regulations" as the basis and standard operating procedures for the</p>													

Appraisal Items	Operation Status (Note1)		Disparity with Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons for Such Disparity
	Yes	No	
			<p>collection, processing, and use of personal data. The Company is committed to complying with the principles of legality, legitimacy, and security, and implements personal data protection responsibilities through system establishment, employee training, and continuous improvement.</p> <p>In 2025, the Company implemented the following measures in terms of governance, training, and technical controls:</p> <p>Training: System operators and information security supervisors each completed at least 8 hours of information security training. All employees participated in at least one information security awareness campaign and social engineering simulation exercise.</p> <p>Technical Controls: Firewalls, NAS backup systems, UPS backup power systems, and Active Directory (AD) domain management were implemented.</p> <p>Audit and Response: One disaster recovery drill was conducted annually. No major personal data leakage incidents occurred throughout the year.</p> <p>Regulatory Compliance Improvement: The Company joined Taiwan Computer Emergency Response Team / Coordination Center (TWCERT/CC) to receive cybersecurity threat intelligence.</p> <p>No incidents of violation of customer confidential information protection occurred in 2025.</p>
			<p>11. The Company places importance on biodiversity conservation and has established a biodiversity policy. The Company recognizes that its business operations may have potential impacts on the ecological environment and is committed to minimizing adverse effects on natural ecosystems and species diversity during its operations.</p> <p>In fulfilling its environmental responsibility, the Company undertakes to comply with relevant regulatory requirements and adopts appropriate management measures to maintain ecological balance during its operations and development processes.</p> <p>When planning plant locations and production activities, the Company carefully evaluates potential environmental impacts, avoids locating in or near ecologically sensitive areas, and implements measures such as pollution prevention, waste reduction, and efficient resource utilization to reduce the burden on land, water resources, and ecosystems.</p> <p>The Company continues to monitor international developments in biodiversity issues and evaluates the feasibility of adopting relevant management mechanisms. In the future, the Company will progressively strengthen biodiversity risk identification and management practices to enhance overall environmental sustainability performance.</p>
<p>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)</p> <p>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.</p>			

Note 1: Accountant independence and competency assessment standards and results:

Review Date: March 12, 2026

Objects to be reviewed: Incumbent Candidate CPAs: Huang, Jing-Ya and Huang, Zi-Ping

Item	Independence and Competence Assessment	Results
Review of independence requirements		
1	The CPA is not a shareholder of the company or related companies.	Yes
2	The vCPA himself does not have any funds or loans from the company.	Yes
3	Whether there are no pending or possible litigation cases between the joint accounting firm to which the CPA belongs and the company	Yes
4	The certified accounting firm has not issued a service report that ensures the effective operation of the financial information system designed or assisted in the implementation.	Yes
5	The certified accountant does not hold the position of director or manager of the company or has any significant influence on the audit case.	Yes
6	The attestation does not directly affect the important items of the audit case for the non-audit services provided by the company.	Yes
7	Whether the company has not paid any public fees or referral fees, commissions, etc. to the CPA or its affiliated joint accounting firm.	Yes
8	Except for the business permitted by law, CPA or members of the audit service team do not represent the company in defending legal cases or other disputes between the company and third parties.	Yes
9	Whether there is no commercial cooperation relationship between the joint accounting firm to which the CPA belongs and the company.	Yes
10	The co-practising accountants who have resigned within one year do not hold the position of director or manager of the company or have a significant influence on the audit case.	Yes
11	Whether the cCPA does not receive salary from the company or related companies.	Yes
12	The CPA has not provided audit services to the company for seven consecutive years.	Yes
13	Whether the company has any unpaid public expenses from the previous year. Whether the company has any unpaid public expenses from the previous year.	Yes
Review of independent operations		
1	When the accountant has a direct or significant indirect interest in the commissioned matter that affects his or her impartiality and independence, has the accountant avoided and failed to undertake it?	Yes
2	When an accountant provides an audit, review, review or ad-hoc review of financial statements and writes an opinion, in addition to maintaining substantial independence, does the accountant also maintain formal independence?	Yes
3	Do accountants perform professional services with integrity and rigor?	Yes
4	When performing professional services, do accountants maintain a fair and objective stance and avoid bias, conflict of interest or interest from affecting professional judgment?	Yes
5	The accountant's integrity, impartiality and objectivity have not been affected by the lack or loss of independence.	Yes
Suitability review		
1	Does the accounting firm promptly notify the board of directors (audit committee) of any significant issues and developments in risk management, corporate governance, financial accounting and related risk control?	Yes

Item	Audit Quality Index (AQI) Assessment	Results
Aspect 1: Professionalism		
1-1	Audit experience	
1-1-1	Whether the engagement partner has sufficient audit experience	Yes
1-1-2	Whether personnel at the manager level and above (excluding partners) have sufficient audit experience	Yes
1-2	training hours	
1-2-1	Are the training hours for CPA sufficient?	Yes
1-2-2	Are the training hours for managers and above (excluding accountants) sufficient?	Yes
1-3	Liquidity	
1-3-1	Is the turnover rate of auditors above the management level (excluding accountants) reasonable?	Yes
1-4	Professional Support	
1-4-1	Professionals support the audit department to check whether the proportion of personnel is sufficient?	Yes
1-4-2	Is the proportion of professionals' hours devoted to cases involving listed companies sufficient?	Yes
Aspect 2: Quality Control		
2-1	Accountant load	
2-1-1	Is the number of publicly issued companies that the accountant serves as the chief signer is reasonable?	Yes
2-1-2	Is the proportion of available working hours input by accountants reasonable?	Yes
2-2	Check whether the investment is reasonable	Yes
2-3	Case Quality Control Review (EQCR)	
2-3-1	EQCR accountants review whether the proportion of hours is reasonable	Yes
2-4	Is the proportion of EQCR accountants' review hours reasonable?	
2-4-1	Quality control support capabilities	Yes
2-4-2	Is the approximate number of full-time quality control personnel reasonable?	Yes
Aspect 3: Independence		
3-1	Is the proportion of public funds for non-audit services reasonable?	Yes
3-2	Are you familiar with the customer?	Yes
Aspect 4: Supervision		
4-1	Whether Financial Supervisory Commission will check for deficiencies in quality control?	Yes
4-2	Are there any audit deficiencies inspected by the US PCAOB?	Yes
4-3	Are there any disciplinary-level punishment cases for accountants?	Yes
4-4	Is there any improvement letter from the competent authority?	Yes
Aspect 5: Innovation ability		
5-1	The firm has adopted or planned initiatives to enhance audit quality in recent years.	Yes
Evaluation review opinions: Review passed, recommendation to appoint/maintain original appointment		

4. Operation Status of the Remuneration Committee

(1) The Company's Remuneration 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 p11.	3
Independent Director	Chueh, Ming-Fu		0
Independent Director	Zhuang, Bo-Nian		2
Independent Director	Huang, Guo-Shu		0

(2) Information on the Operations of the Remuneration Committee

A. The Company's Remuneration Committee consists of four members.

B. The term of the current Committee is from June 13, 2023 to June 12, 2026. In 2025, the Remuneration Committee convened two meetings (A). The qualifications and attendance of the members are as follows:

Role	Name	Actual Number of Attendance (B)	Number of Delegated Presence	Actual Attendance Rate (%) (B/A)	Remarks
Independent Director	Liu, Zheng-Huai	2	0	100	Re-elected
Independent Director	Chueh, Ming-Fu	2	0	100	Re-elected (Note1)
Independent Director	Zhuang, Bo-Nian	2	0	100	New
Independent Director	Huang, Guo-Shu	1	0	100	New (Note2)

Other Matters for Disclosure:

- If the Board of Directors does not accept or revises the Remuneration Committee's recommendation, specify the date of the Board meeting, session, contents of the agenda item, resolution of the Board of Directors, and the Company's response to the Remuneration Committee's opinions (if the remuneration passed by the Board of Directors is higher than the recommendation of the Remuneration Committee, specify the discrepancy and reason): None.
- If with respect to any resolution of the Remuneration Committee, any member has a dissenting or qualified opinion that is on record or stated in a written statement, describe the date of committee meeting, term of the committee, agenda item, opinions of all members, and actions taken by the company in response to the dissenting opinion of members: None.

Note 1: Independent Director, Mr. Chueh, Ming-Fu, resigned on March 9, 2026.

Note 2: Independent Director, Mr. Huang, Guo-Shu, was appointed on June 10, 2025.

C. Contents of the 2025 meeting, resolution results and implementation status

Meeting Date	Agenda	Opinions of All Independent Directors	Company's Response to Independent Directors' Opinions
March 13, 2025	<ol style="list-style-type: none"> Proposal for the 2024 Board performance evaluation. Proposal for ratification of the distribution of 2024 directors' remuneration, managerial (employee) compensation, and annual bonuses. List of managers subject to remuneration review. 	Approved	Approved as proposed
November 6, 2025	<ol style="list-style-type: none"> Proposal for partial amendments to the Company's "Regulations Governing Directors' Remuneration and Compensation Management." Report on the implementation of the distribution of managerial employee compensation and proposal for bonus distribution. List of managers subject to remuneration review. 	Approved	Approved as proposed

5. Operation of the Nominating Committee

(1) The Company's Nominating Committee consists of 3 members.

(2) Term of the current committee: From November 6, 2025 to June 12, 2026.

(3) The Nominating Committee held 1 meeting in 2025, and the attendance is as follows:

Title	Name	Meetings Attended	Meetings Attended by Proxy	Attendance Rate (%)	Remarks
Independent Director (Convener)	Zhuang, Bo-Nian	0	1	0	
Independent Director	Chueh, Ming-Fu	1	0	100	Note 1
Director	Sheng, Chien-Chih	1	0	100	

Note 1: Independent Director, Mr. Chueh, Ming-Fu, resigned on March 9, 2026.

(4) Main Matters Reviewed by the Nominating Committee

- A. Establish the standards for the professional knowledge, skills, experience, gender diversity, and independence required for board members, supervisors, and senior executives, and accordingly identify, review, and nominate candidates for directors, supervisors, and senior executives.
- B. Build and develop the organizational structure of the Board of Directors and its committees, conduct performance evaluations of the Board, each committee, individual directors, and senior executives, and assess the independence of independent directors.
- C. Formulate and regularly review training programs for directors and succession plans for directors and senior executives.
- D. Establish the Company's Corporate Governance Best Practice Principles.

(5) List of Members of the Nominating Committee

Name	Professional Qualifications and Experience
Chueh, Ming-Fu	Holds a doctoral degree in law and has extensive practical experience. Is proficient in corporate legal affairs, compliance management, and risk control, and is capable of assisting in reviewing the independence of directors, the qualifications of candidates, and the legal compliance of governance structures, thereby ensuring fairness and transparency in the nomination process.
Zhuang, Bo-Nian	Holds a doctoral degree in industrial education and has a professional background in business operations, organizational management, and talent development. Is well-versed in corporate governance and board operations, and possesses professional judgment in establishing selection criteria, evaluating the competencies of directors and senior executives, and planning succession.
Sheng, Chien-Chih	Holds a master's degree in management and has extensive experience in business operations and organizational management. Is familiar with corporate strategy, human resource planning, and leadership development, and is skilled in evaluating the professional competencies of directors and senior executives, the suitability of their experience, and succession planning needs.

(6) Meeting Agenda, Resolutions, and Implementation Status for 2025

Meeting Date	Agenda Items	Resolution Result
December 26, 2025	Election of the Convener and Chairperson of the Company's Nominating Committee	Approved as proposed.

6. Operation of the Risk Management Committee

(1) The Company’s Risk Management Committee consists of 3 members.

(2) Term of the current committee: From November 6, 2025 to June 12, 2026.

(3) The Risk Management Committee held 1 meeting in 2025, and the attendance is as follows:

Title	Name	Meetings Attended	Meetings Attended by Proxy	Attendance Rate (%)	Remarks
Independent Director (Convener)	Huang, Kuo-Shu	1	0	100	
Independent Director	Liu, Zheng-Huai	1	0	100	
Director	Sheng, Chien-Chih	1	0	100	

(4) Responsibilities of the Risk Management Committee

The Committee is primarily responsible for assisting the Company in formulating and implementing risk management policies, ensuring effective execution of policies approved by the Board of Directors, and regularly reporting the Company’s risk management status to the Board. In addition, the Committee performs other risk management-related duties, including identifying, assessing, and responding to potential risks, maintaining sound operations and achieving sustainable business objectives, and reporting to the Board at least once a year. The Committee also assists the Board in overseeing the effectiveness of the Company’s risk management practices.

(5) List of Members of the Risk Management Committee

Name	Professional Qualifications and Experience
Huang, Kuo-Shu	Holds a master’ s degree in International Politics from National Chung Hsing University, and has served as a legislator and city councilor. Is familiar with public policy, regulatory oversight, and governance processes, and is skilled in assessing policy and regulatory risks, providing professional advice on corporate governance and social responsibility-related risk management.
Liu, Zheng-Huai	Holds a doctoral degree in management with a professional background in accounting, currently serves as an adjunct professor in the Department of Accounting Information and is a certified public accountant. Is familiar with financial planning, accounting practices, and auditing procedures, and can assist in identifying financial and operational risks while providing effective risk control recommendations.
Sheng, Chien-Chih	Holds a master’ s degree in management and has experience in business operations. Is familiar with corporate strategy, organizational management, and human resource planning, and is skilled in assessing operational and strategic risks, providing professional advice on risk management and succession planning for directors and senior management.

(6) Organizational Structure of the Risk Management Committee



(7) Meeting Agenda, Resolutions, and Implementation Status for 2025

Meeting Date	Agenda Items	Resolution Result
December 26, 2025	Election of the Convener and Chairperson of the Company’ s Risk Management Committee	Approved as proposed.

7. Operation of the Sustainability Development Committee

(1) The Company's Sustainability Development Committee consists of 3 members.

(2) Term of the current committee: From November 6, 2025 to June 12, 2026.

(3) The Sustainability Development Committee held 1 meeting in 2025, and the attendance is as follows:

Title	Name	Meetings Attended	Meetings Attended by Proxy	Attendance Rate (%)	Remarks
Director	Sheng, Chien-Chih	1	0	100	
Manager	Chen, Yueh-huang	1	0	100	
Manager	Li, Yuan-Ji	1	0	100	

(4) Responsibilities of the Sustainability Development Committee

A. Formulate, promote, and strengthen the Company's sustainability development policies, annual plans, and strategies.

B. Review, track, and revise the implementation status and effectiveness of sustainability initiatives.

C. Oversee sustainability information disclosures and review the sustainability report.

D. Supervise the implementation of the Company's Sustainability Development Best Practice Principles or other sustainability-related matters resolved by the Board of Directors.

(5) List of Members of the Sustainability Development Committee

Name	Professional Qualifications and Experience
Sheng, Chien-Chih	Corporate Governance and Strategic Planning Capability With extensive cross-industry corporate management and board experience, possessing a solid understanding of corporate governance structures and mid- to long-term strategic planning.
Chen, Yueh-huang	Operational Management and Sustainability Decision-Making Capability With practical experience in corporate operations and management, familiar with internal operational processes and strategic planning, and capable of effectively supporting sustainability-related decision-making.
Li, Yuan-Ji	Financial Management and Sustainability Financial Analysis Capability With professional backgrounds in finance and management, familiar with financial planning and control, and able to provide financial analysis and recommendations related to sustainable development.

(6) Meeting Agenda, Resolutions, and Implementation Status for 2025

Meeting Date	Agenda Items	Resolution Result
November 20, 2025	1. Composition of the Sustainability Development Committee 2. Composition of the Sustainability Development Task Force 3. ESG report and related external assurance progress	Approved as proposed.

8. 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		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?	√		<p>1. Governance Structure for Sustainable Development To strengthen the functions of the Board of Directors and enhance corporate governance, the Company designates the Board as the highest supervisory body for sustainable development. The Company originally established a “Sustainable Development Committee,” with the General Manager supervising various execution teams to promote relevant initiatives; this committee was originally a management-level organizational unit. To further strengthen decision-making hierarchy and Board-level oversight, the Company resolved in November 2025 (ROC Year 114) through the Board of Directors to establish a Board-level “Sustainable Development Committee,” which is responsible for the formulation, implementation, and supervision of sustainability policies, strategies, and related plans, as well as enhancing information transparency.</p> <p>2. Operations of the Sustainable Development Committee The Sustainable Development Committee consists of three members, with the Chairperson of the Board serving as convener, and the heads of the Finance Department and Management Department serving as members. The Committee holds at least one meeting per year. Under the Committee, execution teams are established based on functional areas, including the Corporate Governance Team, Environmental Sustainability Team, Social Responsibility Team, Sustainability Disclosure Team, Customer Relations Team, Partner Relations Team, and Employee Care Team. These teams are jointly operated by relevant departmental managers and employees. They are responsible for identifying material sustainability issues related to the Company’s operations and stakeholder concerns, formulating corresponding strategies and annual action plans, and overseeing implementation and performance tracking.</p> <p>3. Reporting to the Board of Directors The Company regularly reports its sustainable development performance to the Board of Directors, with greenhouse gas inventory progress reported on a quarterly basis. In 2025, a report was submitted to the Board on November 6, covering sustainability-related matters, including intellectual property management, integrity management, and stakeholder engagement. The Board of Directors also provided supervision and guidance on these matters.</p>	No material disparity.
2. Has the Company conducted risk assessments on environmental, social, and corporate governance issues relating to the Company's	√		The Company's sustainability report covers the related operating systems and activities of Hota Industrial Mfg. Co., Ltd. (including the Zhongke Plant, Dali Plant	No material disparity.

Promote projects	Execution situation		Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	
operations in accordance with the materiality, and formulated relevant risk management policies or strategies? (Note 2)			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.
3. Environment Issues			
(1) Has the Company established an appropriate environmental management system based on its industrial characteristics?	√		<p>1. Based on the characteristics of its industry, the Company has established a comprehensive environmental management system. All manufacturing sites have implemented the ISO 14001 Environmental Management System and continue to pass third-party verification to ensure the effective operation and continual improvement of environmental management practices. The validity periods of the certifications for each site are as follows: Central Taiwan Science Park Plant: June 30, 2027 Dali Plant: February 11, 2028 Chiayi Plant: December 18, 2028</p> <p>2. In accordance with the ISO 14064-1 standard, the Company conducts annual greenhouse gas (GHG) inventories and engages third-party organizations for verification to ensure the accuracy and reliability of the data. The relevant verification statement is as follows: <GHGEV 829368 (2025-09-08)>. The GHG inventory results and carbon reduction performance for the most recent three years have been disclosed in the Company's Sustainability Report and on its official website to enhance information transparency.</p> <p>3. In compliance with the regulations of the competent authority (Ministry of Environment), the Chiayi Plant conducts carbon inventory operations for emission sources above the specified scale threshold (annual emissions reaching 25,000 metric tons or more) and submits the required reports in accordance with the law to comply with national greenhouse gas management policies and regulatory requirements. The relevant verification statement is as follows: <GHGEV 829365 (2025-08-04)-MOENV>.</p> <p>4. The Company has established a greenhouse gas reduction management policy, and the Sustainability Development Committee conducts</p>

Promote projects	Execution situation		Summary Descriptions	Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies						
	Yes	No								
			annual performance reviews, with the results disclosed on the Company's public website.							
(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?	√		<p>1. The Company is committed to improving energy efficiency and reducing environmental impact. It continuously promotes energy-saving and carbon-reduction measures, and prioritizes the adoption of high-efficiency and energy-saving equipment to reduce energy consumption in operations and products. In addition, the Company evaluates the use of recycled or alternative materials with lower environmental impact to enhance overall resource efficiency.</p> <p>2. Furthermore, the Company has implemented the ISO 50001 Energy Management System to systematically monitor energy performance and drive continuous improvement through a structured management mechanism, ensuring optimal energy utilization. Energy usage and efficiency indicators are regularly compiled and disclosed in the Sustainability Report to enhance information transparency. The validity periods of certification for each plant are as follows: Chiayi Plant: 2026-12-09 Central Taiwan Science Park Plant: 2026-12-13 Dali Plant: 2026-12-16</p>	No material disparity.						
(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?	√		<p>Climate change has been identified as one of the Company's material risks in sustainable development. The Company continuously monitors the potential impacts of climate change on its operations and conducts annual greenhouse gas inventories. In addition, the Company formulates energy-saving, carbon reduction, and greenhouse gas reduction policies on a regular basis.</p> <table border="1"> <thead> <tr> <th>Risk Category</th> <th>Potential Risks</th> <th>Countermeasures</th> </tr> </thead> <tbody> <tr> <td>Risk of climate change</td> <td>Management of Carbon Emission</td> <td>The Company has obtained verification for the ISO 50001:2018 Energy Management System and the ISO 14064-1:2018 Greenhouse Gas Inventory Standard. The Company conducts annual energy-saving, carbon-reduction, and greenhouse gas inventory verification, and performs carbon footprint verification for representative products. Solar photovoltaic systems have been installed on factory rooftops to promote green energy and environmental sustainability.</td> </tr> </tbody> </table>	Risk Category	Potential Risks	Countermeasures	Risk of climate change	Management of Carbon Emission	The Company has obtained verification for the ISO 50001:2018 Energy Management System and the ISO 14064-1:2018 Greenhouse Gas Inventory Standard. The Company conducts annual energy-saving, carbon-reduction, and greenhouse gas inventory verification, and performs carbon footprint verification for representative products. Solar photovoltaic systems have been installed on factory rooftops to promote green energy and environmental sustainability.	No material disparity.
Risk Category	Potential Risks	Countermeasures								
Risk of climate change	Management of Carbon Emission	The Company has obtained verification for the ISO 50001:2018 Energy Management System and the ISO 14064-1:2018 Greenhouse Gas Inventory Standard. The Company conducts annual energy-saving, carbon-reduction, and greenhouse gas inventory verification, and performs carbon footprint verification for representative products. Solar photovoltaic systems have been installed on factory rooftops to promote green energy and environmental sustainability.								

Promote projects	Execution situation			Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies																																	
	Yes	No	Summary Descriptions																																		
			<table border="1"> <tr> <td style="writing-mode: vertical-rl; transform: rotate(180deg);">Transportation Management</td> <td>Due to the impact of climate-related factors such as hurricanes in the United States and reduced water levels in the Panama Canal, which have affected delivery lead times to customers, the Company has established logistics safety stock facilities and safety inventory programs in both the western and eastern regions of the United States. In addition, due to the impacts of global geopolitical tensions and wars, including container shortages and disruptions in canal transportation, international freight schedules have been broadly affected. As a result, production planning must be advanced in order to mitigate potential disruptions and reduce operational impacts.</td> </tr> </table>	Transportation Management	Due to the impact of climate-related factors such as hurricanes in the United States and reduced water levels in the Panama Canal, which have affected delivery lead times to customers, the Company has established logistics safety stock facilities and safety inventory programs in both the western and eastern regions of the United States. In addition, due to the impacts of global geopolitical tensions and wars, including container shortages and disruptions in canal transportation, international freight schedules have been broadly affected. As a result, production planning must be advanced in order to mitigate potential disruptions and reduce operational impacts.																																
Transportation Management	Due to the impact of climate-related factors such as hurricanes in the United States and reduced water levels in the Panama Canal, which have affected delivery lead times to customers, the Company has established logistics safety stock facilities and safety inventory programs in both the western and eastern regions of the United States. In addition, due to the impacts of global geopolitical tensions and wars, including container shortages and disruptions in canal transportation, international freight schedules have been broadly affected. As a result, production planning must be advanced in order to mitigate potential disruptions and reduce operational impacts.																																				
(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?	√		<p>1. Greenhouse Gas Emissions, Water Usage, and Waste Statistics for the Past Two Years:</p> <p>(1) Greenhouse Gases (ISO 14064-1:2018):</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Scope 1</td> <td>2505.7804</td> <td>1,273.4976</td> </tr> <tr> <td>Scope 2</td> <td>34529.8382</td> <td>32,417.9028</td> </tr> <tr> <td>Scope 3</td> <td>1156.1330</td> <td>916.5865</td> </tr> <tr> <td>Scope 1 + Scope 2 Intensity (tCO₂e per million NTD revenue)</td> <td>6.41</td> <td>7.07</td> </tr> </tbody> </table> <p>(Note: The greenhouse gas data for 2024 and 2025 have been verified by a third party.)</p> <p>(2) Water Usage:</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Total water withdrawal (million liters)</td> <td>131.1350</td> <td>96.3553</td> </tr> <tr> <td>Discharge volume (million liters)</td> <td>37.1191</td> <td>27.9284</td> </tr> </tbody> </table> <p>(3) Waste Treatment Volume (unit: metric tons):</p> <table border="1"> <thead> <tr> <th>Item</th> <th>2024</th> <th>2025</th> </tr> </thead> <tbody> <tr> <td>Hazardous business waste</td> <td>0</td> <td>0</td> </tr> <tr> <td>Non-hazardous business waste</td> <td>5,831.344</td> <td>6,262.14</td> </tr> </tbody> </table>	Item	2024	2025	Scope 1	2505.7804	1,273.4976	Scope 2	34529.8382	32,417.9028	Scope 3	1156.1330	916.5865	Scope 1 + Scope 2 Intensity (tCO ₂ e per million NTD revenue)	6.41	7.07	Item	2024	2025	Total water withdrawal (million liters)	131.1350	96.3553	Discharge volume (million liters)	37.1191	27.9284	Item	2024	2025	Hazardous business waste	0	0	Non-hazardous business waste	5,831.344	6,262.14	No material disparity.
Item	2024	2025																																			
Scope 1	2505.7804	1,273.4976																																			
Scope 2	34529.8382	32,417.9028																																			
Scope 3	1156.1330	916.5865																																			
Scope 1 + Scope 2 Intensity (tCO ₂ e per million NTD revenue)	6.41	7.07																																			
Item	2024	2025																																			
Total water withdrawal (million liters)	131.1350	96.3553																																			
Discharge volume (million liters)	37.1191	27.9284																																			
Item	2024	2025																																			
Hazardous business waste	0	0																																			
Non-hazardous business waste	5,831.344	6,262.14																																			

Promote projects	Execution situation		Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	
			<p>2. Policies on Greenhouse Gas Reduction, Water Conservation, and Waste Management:</p> <p>(1) Greenhouse Gas Reduction Management</p> <p>The Company has established a greenhouse gas reduction management policy and has completed the inventory and third-party verification of Scope 1 to Scope 3 emissions for its Taiwan operations in accordance with ISO 14064-1. In addition, the ISO 50001 Energy Management System has been implemented, and related performance is reviewed annually by the Sustainability Development Committee. Using 2021 as the baseline year for greenhouse gas emissions (47,215.4394 tCO₂e), the Company has planned phased reduction initiatives and set a medium- to long-term target of achieving a cumulative 20% reduction by 2030. As of the end of 2025, the phased reduction targets have been achieved.</p> <p>Carbon reduction strategies include:</p> <ul style="list-style-type: none"> ➤ Improving energy efficiency and operational performance of equipment ➤ Evaluating the adoption of low-carbon or renewable energy ➤ Strengthening greenhouse gas inventory and internal management systems <p>Action measures include:</p> <ul style="list-style-type: none"> ➤ Conducting annual greenhouse gas inventories ➤ Promoting energy-saving improvement plans based on inventory results ➤ Regularly reporting to management and conducting rolling reviews <p>(2) Water Management Strategy and Reduction Targets</p> <p>The Company places great importance on water resource management. Using 2022 as the baseline year, it has set a target of reducing water consumption by 5% annually and achieving a cumulative reduction of more than 10% by 2025. As of the end of 2025, the established management targets have been achieved.</p> <p>Key measures include:</p> <ul style="list-style-type: none"> ➤ Introducing water-saving equipment and improving water-use efficiency ➤ Establishing water usage monitoring and abnormality management mechanisms ➤ Promoting employee education and awareness on water conservation <p>(3) Waste Management</p> <p>In accordance with environmental protection and resource recycling principles, the Company has established a waste management policy and has obtained certification under the ISO 14001 Environmental Management System. Performance is regularly reviewed by the Sustainability Development Committee. All waste is handled in compliance with relevant regulations, with implementation of</p>

Promote projects	Execution situation		Summary Descriptions	Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No		
			<p>source classification and recycling to promote reuse. The Company replaces landfill disposal with resource recovery to reduce environmental impact.</p> <p>The waste reduction target is to reduce waste generation by 5% annually and achieve a cumulative reduction of more than 15% by 2025. As of the end of 2025, the management targets have been met.</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?	√		<ol style="list-style-type: none"> 1. In order to safeguard the fundamental human rights of employees, suppliers, business partners, and other stakeholders, the Company's Management Department is committed to protecting personnel rights and complying with the Labor Standards Act (Taiwan), Employment Service Act, Gender Equality in Employment Act, the Responsible Business Alliance (RBA) Code of Conduct, and relevant government human rights policies. The Company also refers to the Universal Declaration of Human Rights, the Ten Principles of the United Nations Global Compact, and the International Labour Organization Declaration on Fundamental Principles and Rights at Work to formulate its Human Rights Policy. The Company not only promotes such policies but also establishes diversified communication channels and management mechanisms in implementation to ensure proper care for employees and to create a friendly corporate environment that respects, cares for, and protects human rights. 2. The Company's human rights policy includes specific management measures such as: safeguarding labor rights by prohibiting forced labor, child labor, discrimination, and harassment; complying with legal requirements; and respecting indigenous diversity. The Company respects freedom of expression and participation for all personnel and holds regular labor-management meetings. It also promotes gender equality, provides a safe and healthy working environment, arranges annual health examinations for employees, and conducts regular on-site physician visits to monitor and support employee health. 3. The Company follows the Human Rights Due Diligence (HRDD) process to conduct due diligence procedures for employees and Tier-1 suppliers. Through reviewing domestic and international human rights issues, Taiwan labor regulations, and responsible business conduct guidelines, the Company evaluates whether policies require revision and identifies material issues of concern. The Company also regularly identifies and assesses risks, and implements prevention, mitigation, and tracking mechanisms. 4. The Company distributed questionnaires to its employees and Tier-1 suppliers to conduct human rights issue assessments and evaluations. Based on the survey results, a risk matrix was developed to identify the likelihood of occurrence and severity of 	No material disparity.

Promote projects	Execution situation		Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	
			<p>impact of each issue, which serves as the basis for prioritizing the handling of human rights issues. The Company prioritizes the management of high-risk human rights issues with both high likelihood and significant impact.</p> <p>For the Company’s employees, three material issues were identified in 2025: 1. prohibition of forced labor, 2. compensation and benefits, and 3. anti-discrimination and anti-harassment. Based on the risk matrix assessment results, the high-risk human rights issues identified for the stakeholder group of the Company’s employees were, in order of priority, “Prohibition of Forced Labor” and “Compensation and Benefits.”</p> <p>The Company has implemented the following mitigation and remediation measures for the above high-risk human rights issues:</p> <p>(1) Prohibition of Forced Labor</p> <p>Remediation Measures: The Company has established adequate and effective policies and procedures to ensure that no workers are employed through coercion, bonded labor (including debt bondage), contract-bound labor, involuntary or exploitative prison labor, slavery, or human trafficking.</p> <p>Risk Mitigation: The Company prohibits any practices that restrict workers’ freedom, including confiscation of identity documents, collection of deposits or collateral, withholding employees’ wages, improper body searches, restricting employees’ access to and exit from the workplace, and forced overtime work.</p> <p>(2) Compensation and Benefits</p> <p>Remediation Measures: The Company has established a reward and disciplinary system that prohibits wage deductions as a form of disciplinary action.</p> <p>Risk Mitigation: Wages are paid in compliance with all applicable compensation-related laws and regulations.</p> <p>For the Company’s Tier-1 suppliers, three material issues were identified in 2025: 1. Prohibition of forced labor, 2. Anti-discrimination and anti-harassment, and 3. Freedom of expression and grievance mechanisms. Based on the risk matrix assessment results, the high-risk human rights issues identified for the stakeholder group of Tier-1 suppliers were, in order of priority, “Anti-discrimination and anti-harassment” and “Freedom of expression and grievance mechanisms.”</p> <p>The Company has implemented the following mitigation and remediation measures for the above high-risk human rights issues:</p> <p>(1) Anti-Discrimination and Anti-Harassment</p> <p>Remediation Measures: If a supplier has not established adequate and effective policies and procedures, the Company requires the supplier to establish relevant policies in accordance with the RBA Code of Conduct and ensure effective implementation.</p>

Promote projects	Execution situation		Summary Descriptions	Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No		
			<p>Risk Mitigation: The Company conducts random inspections to verify whether suppliers have established anti-discrimination and anti-harassment policies.</p> <p>(2) Freedom of Expression and Grievance Mechanisms Remediation Measures: If a supplier has not conducted labor-management meetings or established grievance channels, the Company requires the supplier to make improvements.</p> <p>Risk Mitigation: The Company conducts random inspections to verify whether suppliers conduct labor-management meetings and have established grievance mechanisms.</p> <p>5. In 2025, the material human rights issues included prohibition of forced labor, diversity and equal employment, anti-discrimination and anti-harassment, freedom of expression and grievance mechanisms, and compensation and benefits. The Company has completed internal human rights due diligence and complied with relevant regulations, and no incidents of forced labor were identified.</p> <p>6. The Company's Human Rights Policy includes the prohibition of discrimination and harassment. It is committed to providing a workplace free from harassment and unlawful discrimination. The Company does not discriminate in recruitment, promotion, or performance evaluation on the basis of age, race, social status, nationality, religion, disability, gender, sexual orientation, union membership, or political affiliation. The Company respects employees of different ethnicities and religious beliefs and provides necessary assistance and appropriate facilities for religious practices. The Company prohibits all forms of cruel and inhumane treatment, including any form of violence, gender-based violence, sexual harassment, sexual assault, corporal punishment, physical or psychological coercion, bullying, public humiliation, or verbal abuse. All employees are treated fairly and equally, and equal pay for equal work is ensured, with all forms of discrimination strictly prohibited. A zero-harassment and non-discrimination workplace environment is maintained, with no differential treatment based on gender or sexual orientation.</p> <p>7. In 2025, the workforce composition was as follows: 650 male employees (79.37%) and 169 female employees (20.63%); 339 foreign employees (41.39%). The Company has completed internal human rights due diligence and complied with relevant regulations, with no incidents of workplace discrimination, diversity violations, or gender discrimination reported.</p>	
(2) Has the Company formulated and implement reasonable employee welfare measures (including salary and compensation, vacation, and other benefits, etc.), and appropriately	√		The Company has established and implemented reasonable employee welfare measures and conducts employee performance evaluations to appropriately reflect operational performance in employee benefits and compensation.	No material disparity.

Promote projects	Execution situation		Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	
reflected operating performance or results in employee compensation?			<p>Employee Compensation: The Company's year-end bonus program is determined based on employees' seniority and annual performance evaluation results, with the aim of motivating all employees to work toward the achievement of the Company's operational goals. In accordance with the Company's Articles of Incorporation, where the Company has profits for the year, no less than 2% shall be allocated as employee compensation. Pursuant to the Articles of Incorporation, the Company accrued employee compensation at 2.16% of 2024 profits, totaling NT\$5 million, which was distributed to employees in 2025, appropriately reflecting the Company's operating results and encouraging employees to grow together with the Company.</p> <p>Employee welfare measures: The Company has established an Employee Welfare Committee. Each year, employee welfare funds derived from a portion of the Company's revenue and other income are allocated to provide various benefits, including travel subsidies, birthday bonuses, marriage subsidies, childbirth subsidies, funeral subsidies, and festival bonuses.</p> <p>Leave system: In accordance with the employee leave regulations, employees are entitled to annual leave, ordinary sick leave, personal leave, menstrual leave, family care leave, and unpaid leave. Employees who require extended leave due to childcare, serious illness, or major life events may apply for unpaid leave to balance personal and family care needs.</p> <p>Workplace diversity and equality: The Company ensures equal pay for equal work and equal promotion opportunities for both genders, promoting inclusive and sustainable economic growth.</p> <p>The Company places importance on employee rights and welfare, shares operational profits with employees, and maintains a sound working environment. The Company also employs employees with disabilities and provides suitable job positions and workplace accommodations tailored to their needs, thereby fostering a friendly workplace. Gender equality is upheld to ensure all employees can work in a safe and comfortable environment. Operational performance is appropriately reflected in employee compensation.</p>
(3) Has the Company provided employees with a safe and healthy working environment and provided employees with regular safety and health educations?	√		<p>The Company is committed to providing employees with a safe and healthy working environment. Through new employee orientation and pre-employment as well as on-the-job training programs, occupational safety and health education is regularly implemented.</p> <p>Occupational Safety and Health Policy: The Company formulates its occupational safety and health policy in compliance with the Occupational Safety and Health Act (Taiwan), customer requirements, and relevant stakeholder expectations, with the aim of establishing a healthy and happy workplace.</p> <p>Workplace Environmental Monitoring: To protect workers from exposure to hazardous substances and to provide a healthy and comfortable working environment, the Company conducts</p> <p>No material disparity.</p>

Promote projects	Execution situation		Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	
			<p>workplace environmental monitoring twice a year to better understand employee exposure conditions.</p> <p>Equipment Safety Management: The Company classifies equipment and legally manages all hazardous machinery and equipment. Detailed inspections are conducted to ensure safe operation. All hazardous machinery is regularly inspected in accordance with the “Regulations for Safety Inspection of Dangerous Machinery and Equipment” to ensure operational safety.</p> <p>All plants of the Company have obtained certification under the ISO 45001 Occupational Health and Safety Management System. In addition, each plant’s Environmental Safety Department conducts monthly 5S safety inspections and tracks improvement actions. The validity periods of the ISO 45001 certifications for each plant are as follows: Chiayi Plant: December 18, 2028 Central Taiwan Science Park Plant: June 30, 2027 Dali Plant: February 11, 2028</p> <p>In 2025, there were 7 occupational injury cases (including 1 traffic accident). For workplace accidents, relevant safety training is provided, and hazard risks are identified for improvement measures. For traffic-related accidents, additional traffic safety training is strengthened.</p> <p>Health Examination and Management System: To protect employee health, the Company provides annual health examinations at a frequency higher than regulatory requirements (once per year). New employees undergo general (or special) occupational health examinations, while existing employees receive periodic occupational health examinations. Based on abnormal findings, individualized health education, on-site physician consultations, and continuous follow-up care are provided to support employees’ self-health management.</p> <p>Health Promotion Activities: The Company promotes health activities tailored to employee needs through emails and posters. Participation is encouraged from both supervisors and employees. Activities include health lifestyle education, workplace sexual harassment prevention seminars to strengthen gender equality awareness and mutual respect, AED + CPR emergency response training to enhance emergency response capability, and COVID-19 vaccination campaigns with a total participation of 229 person-times.</p> <p>The Company has publicly declared a “zero tolerance” policy toward unlawful workplace conduct (including workplace violence, bullying, sexual harassment, and employment discrimination). A written statement on the prevention of unlawful workplace infringement has been issued. The Company has established clear internal complaint channels, investigation procedures, and handling mechanisms, which are conducted in a confidential manner. Regular awareness campaigns and training are implemented, and dedicated investigation and handling teams are established to</p>

Promote projects	Execution situation		Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies	
	Yes	No		Summary Descriptions
			ensure proper case management. No incidents of unlawful workplace infringement occurred in 2025. The Dali Plant, Central Taiwan Science Park Plant, and Chiayi Plant have all passed the Healthy Workplace Health Promotion Self-Assessment. The Company regularly reviews the implementation of health promotion activities and makes timely adjustments and improvements to create a healthy working environment, enhance employee productivity, and achieve sustainable development goals.	
(4) Has the Company established an effective career development training program for employees?	√		<p>The Company is committed to cultivating outstanding talent and enhancing corporate competitiveness. Training programs are planned based on annual key objectives and departmental training needs, and are implemented in accordance with the Company's "Employee Education and Training Implementation Regulations," including budget planning and execution.</p> <p>After new employees officially join the Company, they complete an orientation program covering company introduction, policy briefing, environmental health and safety fundamentals, and general awareness courses. Subsequently, job-specific training is conducted according to different job categories. In addition to on-the-job training (OJT) for professional skills, off-the-job training (OFF-JT) is also provided to enhance employees' competencies.</p> <p>Training Results for 2025: Internal training hours: 1,741.5 person-hours External training hours: 929 person-hours Total training expenditure: NT\$228,070</p>	No material disparity.
(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>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 2025, there was no violation of customer confidential information protection.</p>	No material disparity.
(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>High-quality suppliers are a key factor in driving the Company's business growth. Therefore, the Company selects appropriate suppliers based on principles of safety, price, delivery, quality, service, environmental protection, and sustainability. Suppliers are required to comply with the ISO 9001 Quality Management System, ISO 14001 Environmental Management System, and occupational health, safety, and human rights management standards. The Company also conducts regular reviews of suppliers' product quality, service performance, and environmental sustainability</p>	No material disparity.

Promote projects	Execution situation		Differences and reasons from the Code of Practice for Sustainable Development of Listed OTC Companies
	Yes	No	
			<p>management to ensure the quality of the Company's products.</p> <p>The Company selects qualified suppliers in accordance with the "Supplier Management Evaluation Procedures." Suppliers must comply with ISO quality and environmental, health, and safety systems as well as labor and human rights requirements. In 2025, the Company maintained long-term cooperation with 238 domestic and international suppliers. Each year, both existing and new suppliers are evaluated based on corporate social responsibility criteria covering economic, environmental, and social aspects. The Company strictly prohibits any form of child labor and forced or compulsory labor, and respects workers' rights to freedom of association and collective bargaining.</p> <p>The Supplier Quality Engineering (SQE) team regularly audits supplier compliance. In 2025, a total of 62 supplier audits were conducted, covering all processing procedures, occupational health and safety, and human rights aspects. Identified audit findings are tracked for corrective actions.</p> <p>In addition, the Company has established supplier engagement and exchange mechanisms, jointly organizing training and guidance programs. Through these interactions, mutual understanding and consensus are achieved, thereby enhancing suppliers' sustainable development capabilities.</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?	√		<p>The information in the Company's Sustainability Report has been reviewed by the Sustainability Development Team in accordance with the "International Standard on Assurance Engagements 3000 (ISAE 3000), Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the Accounting Research and Development Foundation of the Republic of China (Taiwan). The Company has engaged an independent third party, Ernst & Young Taiwan, to perform a limited assurance engagement on selected sustainability performance indicators in the 2024 Sustainability Report. For details, please refer to the Independent Auditor's Assurance Report in the appendix.</p>
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.			

9. 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.

10. 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?	√		The Company has established the “Integrity Management Code” and the “Procedures for Ethical Management and Guidelines for Conduct,” which were approved by the Board of Directors and have been implemented. The relevant contents have also been disclosed on the Company’s website. Upholding the principles of integrity management, the Company duly complies with the Company Act and applicable securities regulations. The Board of Directors and senior management jointly commit to and actively implement the integrity management policies to ensure the Company’s sustainable development.	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?	√		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.	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?	√		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.	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 Company has assessed the ethics records of its counterparts and has not found any specific records of unethicalness in the transactions.	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	
the contracts signing with its counterparties?				
(2) Has the Company set up a dedicated unit to promote corporate ethical management under the Board of Directors, who regularly (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?	√		<p>The Company's dedicated unit for ethical corporate management is the Finance Department, which is responsible for the formulation and supervision of ethical management policies and preventive measures. The implementation status is reported to the Board of Directors once a year (the most recent report was presented on November 6, 2025). The Company supervises the prevention of unethical conduct, regularly reviews the effectiveness of implementation, and continuously improves relevant measures to ensure the proper enforcement of ethical management policies.</p> <p>When compiling and reporting monthly changes in shareholdings of directors and insiders, the Company reminds directors and insiders to pay attention to regulations regarding short-swing trading, as well as blackout periods prior to the announcement of material information and quarterly financial reports, in order to avoid violations due to oversight.</p> <p>In 2025, no incidents in violation of ethical corporate management were identified, including corruption, anti-competitive behavior, money laundering, or insider trading.</p>	No material disparity.
(3) Has the Company formulated a policy for prevention of conflicts of interest, while providing appropriate channels for claim, and has implemented it?	√		<p>The Company's Rules of Procedure for Board of Directors Meetings include provisions on directors' conflict of interest. Directors and managerial officers who have a personal interest in any agenda item shall recuse themselves from discussion and voting on such matters.</p> <p>The Company has established accessible channels for employee complaints. Reports may be submitted in person, by written correspondence, by telephone, or through other means. Employees and stakeholders may also file complaints via the whistleblowing mailbox provided in the stakeholder section of the Company's official website.</p>	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?	√		<p>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</p>	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	
			foundation for evaluating the effectiveness of the overall Internal Control system and issuing an Internal Control system statement.	
(5) Has the Company regularly organized internal and external education training on ethical management?	√		The Company actively promotes ethical corporate management among its employees and regularly provides training on ethical practices for new employees. In 2025, the Company conducted in-person training sessions on “Human Rights and Labor Ethics,” which included topics such as ethical corporate management (including prevention of insider trading, fair trade practices, advertising and competition, identity protection, and prevention of retaliation) as well as labor rights. A total of 298 employees participated in the training, with a total of 298 training hours completed, achieving a 100% employee participation rate.	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?	√		To ensure proper handling of employee grievances and reporting of misconduct that may harm the Company’s interests, the Company has established the “Whistleblower Protection Management Procedures.” Whistleblowers may submit reports in person, by written correspondence, by telephone, or through other means. The Management Department is responsible for receiving and handling such reports. The designated unit or personnel responsible for handling complaints and reports shall conduct investigations. If any material violation is identified or if there is a risk of significant harm to the Company, a report shall be prepared and submitted in writing to the independent directors.	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?	√		The Company’s “Code of Ethical Conduct” and “Whistleblower Protection Management Procedures” establish standard operating procedures for the investigation of reported cases, as well as related confidentiality mechanisms. The complaint handling process includes preliminary review, fact-finding investigation, and determination of investigation results and resolutions. The Management Department and its personnel responsible for handling and investigating reported cases shall maintain strict confidentiality and must not disclose any information externally. Personnel who violate these requirements shall be subject to disciplinary actions depending on the severity of the circumstances. In cases resulting in serious consequences or constituting criminal offenses, legal liability shall be pursued in accordance with applicable laws.	No material disparity.
(3) Has the Company taken measures to protect whistleblowers from receiving	√		The Company’s “Whistleblower Protection Management Procedures” clearly stipulate that	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	
inappropriate dispositions as a result of whistleblowing?			personnel involved in handling reported cases shall maintain the confidentiality of the whistleblower's identity and the reported content. The Company also undertakes to protect whistleblowers from any improper treatment or retaliation as a result of their reporting.
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 established the Ethical Corporate Management Policy, the Ethical Corporate Management Operating Procedures and Code of Conduct, which have been publicly disclosed on the Company's website and annual report. The Company has also regularly reported on the progress of prevention of unethical conduct to the Board of Directors.
5. The company shall establish its own Code of Business Integrity based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" and clearly articulate the differences between its operations and the established code: The Company has established its own principles of integrity management based on the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies". There are no differences in the Company's operation and the regulations specified in the code.			
6. Other critical information conducive to understanding the operation of the Company's integrity management: (e.g., review/revision of the Company's integrity corporate management principles) : 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.

11. 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.

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

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

Date: March 12, 2026

The statement concerning the Company's 2025 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, 2025 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 12, 2026, 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, Chien-Chih
President : Chen, Jun-Zhi

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.

13. 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
2025/03/13	Board of Directors	<ol style="list-style-type: none"> 1. Review and approval of the Company's 2024 Business Report, Parent Company Only Financial Statements, and Consolidated Financial Statements. 2. Proposal for the issuance of the 2024 Internal Control System Statement. 3. Assessment of the independence and suitability of the Company's certified public accountants. 4. Proposal for the change of the Company's certified public accountants. 5. Proposal for the 2024 earnings distribution of the Company. 6. Proposal for the distribution of cash dividends for the year 2024. 7. Proposal for non-distribution of earnings from overseas subsidiaries of the Company. 8. Proposal for the distribution of employee compensation and directors' remuneration for 2024. 9. Proposal for the definition and scope of "entry-level employees" and amendment of the Company's Articles of Incorporation. 10. Proposal for amendment of the Company's "Delegation of Authority Table". 11. Proposal for establishment of the Company's "Pre-Approval Procedures for Non-Assurance Services Provided by Certified Public Accountants". 12. Proposal for amendment of the Company's "Related Party Transaction Management Regulations". 13. Proposal for the use of derivative financial instruments by the Company in 2025 to hedge foreign exchange risk. 14. Proposal for the Company's application for credit facilities from financial institutions. 15. Proposal for restructuring of the Company's syndicated loan agreement. 16. Proposal for changes in the Company's managerial personnel subject to remuneration policies and related compensation plan. 17. Proposal for the election and review of one independent director. 18. Proposal for the timing, location, and procedures of the Company's 2025 Annual General Shareholders' Meeting. <p><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.</p>
2025/04/09	Special Board of Directors Meeting	<p>Proposal for the Company to repurchase its own shares in order to safeguard the Company's credit and protect shareholders' rights and interests.</p> <p><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.</p>
2025/05/08	Board of Directors	<ol style="list-style-type: none"> 1. Review of the Company's Consolidated Financial Statements for the First Quarter of 2025. 2. Proposal for the Company's application for credit facilities from financial institutions. 3. Proposal for loans of funds to supplier Yong Jin Guan Metal Co., Ltd. 4. Proposal for loans of funds to supplier Yong Bao Li Industrial Co., Ltd. 5. Proposal for the joint construction and separate sale of community land in the Company's Chiayi Dapumei Industrial Park Phase II project. <p><u>Resolution Status:</u> Attendance by the Independent Directors: Directors Liu, Zheng-Huai 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>
2025/06/10	Special Board of Directors Meeting	<p>Capital injection investment proposal for the Company's PRC subsidiary, Howon (Huai'an) Automobile Components Company Limited, upon capital contribution fulfillment.</p> <p><u>Resolution Status:</u></p>

Meeting Date	Meeting Type	Important Resolutions
		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.
2025/06/10	Regular Shareholders' Meeting	<p>Matters for Report:</p> <ol style="list-style-type: none"> 1. Business Report for the Year 2024. 2. Report on the Audit Committee's review of the 2024 final accounts and financial statements. 3. Report on the distribution of employee compensation and directors' remuneration for 2024. 4. Report on individual directors' remuneration for 2024. 5. Report on the cash dividend distribution from 2024 earnings. 6. Report on the Company's endorsements, guarantees, and loans of funds to others. 7. Report on the conversion status of the Company's Fourth Domestic Unsecured Convertible Bonds. <p><u>Status of Subsequent Implementation:</u> The employee compensation and directors' remuneration for the year 2024 were approved by the Board of Directors and distributed on May 15, 2025. The 2024 earnings distribution proposal was approved by the Board of Directors and distributed on May 15, 2025, through the Company's stock affairs agent, MasterLink Securities, either by bank transfer or by registered mail in the form of non-negotiable checks.</p> <p>Matters for Rectification:</p> <ol style="list-style-type: none"> 1. Proposal for ratification of the 2024 financial statements and final accounts. 2. Proposal for ratification of the 2024 earnings distribution. <p>Matters for Discussion 1:</p> <ol style="list-style-type: none"> 1. Amendment of certain clauses of the "Articles of association". <p>Elections : By-election of an independent director of the Company.</p>
2025/08/07	Board of Directors	<ol style="list-style-type: none"> 1. Review of the Company's Consolidated Financial Statements for the Second Quarter of 2025. 2. Proposal for the Company's application for credit facilities from financial institutions. 3. Proposal for renewal and extension of endorsement and guarantee limits for the Company's subsidiary, Howon (Huai'an) Automobile Components Company Limited. 4. Proposal for loans of funds to the Company's subsidiary, Howon (Huai'an) Automobile Components Company Limited. 5. Proposal for providing U.S. dollar time deposit guarantees for the Company's subsidiary, Howon (Huai'an) Automobile Components Company Limited. 6. Proposal for the first earnings distribution of 2025. 7. Proposal for the preparation of the Company's 2024 Sustainability Report. 8. Proposal for cancellation of treasury shares repurchased under the fourth share buyback program and determination of the capital reduction record date. 9. Proposal for appointment of members of the Remuneration Committee. 10. Proposal for establishment of the "Sustainable Development Committee Charter". 11. Proposal for establishment of the "Nomination Committee Charter". 12. Proposal for resignation of the Chairman of the Board and election of a new Chairman. <p><u>Resolution Status:</u> Attendance by the Independent Directors: Directors Chueh, Ming-Fu, Liu, Zheng-Huai, Zhuang, Bo-Nian, and Huang, Guo-Shu 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>
2025/11/06	Board of Directors	<ol style="list-style-type: none"> 1. Proposal for the Company's consolidated financial statements for the third quarter of 2025. 2. Proposal for financing to financial institutions. 3. Proposal for renewal and extension of endorsement and guarantee facility for the Company's subsidiary, He Wang Automotive Parts (Huai'an) Co., Ltd. 4. Proposal for the 2026 internal audit plan. 5. Proposal for the 2026 operating plan and budget.

Meeting Date	Meeting Type	Important Resolutions
		<p>6. Proposal for the appointment of a deputy to the Chief Accounting Officer.</p> <p>7. Proposal for amendment to certain provisions of the Company’s “Remuneration and Compensation Management Regulations for Directors.”</p> <p>8. Proposal for amendment to certain provisions of the Company’s “Ethical Corporate Management Best Practice Principles.”</p> <p>9. Proposal for amendment to certain provisions of the Company’s “Corporate Governance Best Practice Principles.”</p> <p>10. Proposal for the establishment of the “Compensation Allocation Management Regulations for Entry-Level Employees.”</p> <p>11. Proposal for the establishment of the “Risk Management Policy and Procedures.”</p> <p>12. Proposal for the establishment of a Risk Management Committee and appointment of its members.</p> <p>13. Proposal for the establishment of a Nomination Committee and appointment of its members.</p> <p>14. Proposal for the establishment of a Sustainability Development Committee and appointment of its members.</p> <p>15. Proposal for the establishment of a subsidiary in New York State, United States of America.</p> <p>16. Proposal for the distribution of employee compensation and bonuses for managerial personnel.</p> <p>17. Proposal for changes to applicable managerial officers and their compensation plan.</p> <p><u>Resolution Status:</u> Attendance by the Independent Directors: Directors Chueh, Ming-Fu, Liu, Zheng-Huai, Zhuang, Bo-Nian, and Huang, Guo-Shu 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>
2026/03/12	Board of Directors	<p>1. Review of the Company’s 2025 Business Report, Parent Company Only Financial Statements, and Consolidated Financial Statements.</p> <p>2. Proposal for the 2025 Internal Control System Statement.</p> <p>3. Assessment of the independence and suitability of the Company’s certified public accountants.</p> <p>4. Proposal for the 2025 Statement of Appropriation of Profits or Losses.</p> <p>5. Proposal for the distribution of directors’ and employees’ (including entry-level employees’) remuneration for 2025.</p> <p>6. Proposal for the list of candidates for directors (including independent directors).</p> <p>7. Proposal for lifting the non-compete restrictions on directors and independent directors.</p> <p>8. Proposal for the use of derivative financial instruments by the Company in 2026 to hedge foreign exchange risk.</p> <p>9. Proposal for the Company’s application for credit facilities from financial institutions.</p> <p>10. Proposal for the timing, venue, and procedures of the Company’s 2026 Annual General Shareholders’ Meeting.</p> <p>11. Proposal for the lease of a factory facility in Buffalo, New York State, U.S.A., by the Company’s subsidiary.</p> <p>12. Proposal for the change of the auditing CPA firm and certified public accountants starting from the first quarter of 2026.</p> <p><u>Resolution Status:</u> Attendance by the Independent Directors: Directors Liu, Zheng-Huai, Zhuang, Bo-Nian, and Huang, Guo-Shu 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>

14. 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 Huang, Jing-Ya	2025.01.01-2025.12.31	2,460	288	2,748	Transfer Pricing Fees at NTD 100 Thousand; Traavel Expense at NTD 188 Thousand; Business

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

- 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.
- 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	March 12, 2026 (Resolution made by the Board of Directors)		
Replacement cause and explanation	In order to align with the Group's overall audit planning, and after considering audit fees and the Company's overall operational development, the Company has voluntarily terminated the engagement of its former certified public accountants. Effective from the first quarter of 2026, the Company will change its auditing firm from Ernst & Young Taiwan to Crowe (TW) CPAs.		
A statement is the termination or non-acceptance of the appointment by the CPA	Situation	CPA	Appointee
	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	✓	
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	Crowe (TW) CPAs
CPA name	Chang, Fu-Lang and Shao, Chao-Pin
Appointed Date:	March 12, 2026 (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	2025		As at February 28, 2026	
		Shareholding Increase/Decrease	Pledged Shares Increase/Decrease	Shareholding Increase/Decrease	Pledged Shares Increase/Decrease
Chairman	Kao Fong Machinery Co., Ltd.	0	0	0	0
	Representative: Sheng, Chien-Chih	0	0	0	0
Director	Sheng, Kuo-Jung	(9,000)	0	0	0
Director	Lin, Yen-Huey	0	0	0	0
Director	Lin, Mei-Yu	0	0	0	0
Director	Wang, Hui-O	(69,000)	0	(27,000)	0
Director	Huang, Feng-Yih	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	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	Liu, Zheng-Huai	0	0	0	0
Independent Director	Zhuang, Bo-Nian	0	0	0	0
Independent Director	Huang, Guo-Shu	0	0	0	0
General Manager	Chen, Jun-Zhi	(215,000)	(207,000)	0	0
Vice President	Sun, Cheng-Zhi	0	0	0	0
Vice President	Sheng, Shui-Hsiang	0	0	0	0
Vice President	Wu, Zhao-He	0	0	0	0
Vice President	Chang, Ren-You	0	0	0	0

Senior Manager	Chen, Tang-Ping	0	0	0	0
Senior Manager	Liu, Jian-Yi	0	0	0	0
Vice President	Chen, Yue-Huang	0	0	0	0
Accounting Supervisor	Li, Yuan-Ji	(2,000)	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	2026/3/19	Sheng, Chien-Chih	Sheng, Kuo-Jung (Daughter)	46,037	2,439,961

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 February 28, 2026

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	1.31	41.12	—
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			—			
Chen, Chun-Chih	Pledge	2022/7/4	Taishin Securities Co., Ltd.	None	33,000	0.01	99.50	—

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 March 31, 2026

Name	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		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Title (or Name)	Relationship	
Qianzuan Co., Ltd.	12,502,945	4.48	0	0	0	0	—	—	—
Representative: Shen, Chien-Yu	15,000	0.01	0	0	0	0	Sheng, Kuo-Jung	Sheng, Kuo-Jung is the father of the representative	—
Central Investment Co., Ltd.	11,985,241	4.30	0	0	0	0	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	0	0	0	0	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	2.67	0	0	0	0	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	0	0	0	0	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	0	0	0	0	Central Investment Co., Ltd. Representative: Chang, Yu-Jeng	The representative of Central Investment is the chairman of the company	—
Representative: Chang, Yu-Jeng	74,246	0.03	0	0	0	0	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	0	0	0	0	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	3,647,963	1.31	37,140	0.01	0	0	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	0	0	0	0	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, Pei-Lan	Chen, Pei-Lan is the daughter of the Lin, Mei-Yu	
Chen, Wei-Da	2,746,000	0.98	0	0	0	0	Lin, Mei-Yu	Lin, Mei-Yu is the mother of the Chen, Wei-Da	—
							Chen, Pei-Lan	Chen, Pei-Lan is the sister of the Chen, Wei-Da	—
Chang, Chih-Chuan	2,543,000	0.91	0	0	0	0	—	—	—
Chen, Pei-Lan	1,986,000	0.71	0	0	0	0	Lin, Yen-Huey	Lin, Mei-Yu is the mother of the Chen, Pei-Lan	—
							Chen, Wei-Da	Chen, Wei-Da is the brother of the Chen, Pei-Lan	—

(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	0.77	19,167,535	17.59	20,006,413	18.36

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 March 31, 2026

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)
June 2025	10	350,000,000	3,500,000	278,959,513	2,789,595	Capital Decrease at \$ 5,580	—	(Note 21)

Note 1: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 09701105440 dated May 2, 2008 (ROC Year 97).

Note 2: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 09701191830 dated August 11, 2008 (ROC Year 97).

Note 3: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 09701258300 dated October 9, 2008 (ROC Year 97).

Note 4: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 09701305530 dated December 8, 2008 (ROC Year 97).

Note 5: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 09801048520 dated March 16, 2009 (ROC Year 98).

Note 6: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 09801168680 dated July 30, 2009 (ROC Year 98).

Note 7: On July 30, 2009 (ROC Year 98), private placement of preferred shares cash capital increase of \$157,800,000 was completed; total private placement amount was \$102,570,000.

Note 8: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 09901019460 dated January 29, 2010 (ROC Year 99).

Note 9: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 09901099780 dated May 14, 2010 (ROC Year 99).

Note 10: On May 14, 2010 (ROC Year 99), private placement of preferred shares cash capital increase of \$262,300,000 was completed; total private placement amount was \$236,070,000.

Note 11: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 10201086560 dated May 15, 2013 (ROC Year 102).

Note 12: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 10201235950 dated November 27, 2013 (ROC Year 102).

Note 13: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 10301093110 dated May 21, 2014 (ROC Year 103).

Note 14: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 10301198260 dated September 30, 2014 (ROC Year 103).

Note 15: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 10301238140 dated November 19, 2014 (ROC Year 103).

Note 16: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 10401062640 dated May 1, 2015 (ROC Year 104).

Note 17: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 10601042200 dated April 11, 2017 (ROC Year 106).

Note 18: Approved by the Ministry of Economic Affairs, R.O.C., by Letter No. 10901161830 dated August 21, 2020 (ROC Year 109).

Note 19: Approved by the Financial Supervisory Commission, R.O.C., Securities and Futures Bureau, by Letter No. 1090359334 dated October 8, 2020 (ROC Year 109).

Note 20: Approved by the Financial Supervisory Commission, R.O.C., by Letter No. 1090377615 dated December 17, 2020, extending the offering period by three months.

Note 21: Approved by the Financial Supervisory Commission, R.O.C., Securities and Futures Bureau, by Letter No. 1140348103 dated June 20, 2025 (ROC Year 114).

B. Types of Shares

Unit: Share

Type of Shares	Authorized Share Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Common Shares	278,959,513 (Listed)	71,040,487	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

March 31, 2026 (Unit: Share)

Shares Name of Shareholder	Shares	Number of Shares Held (share)	Shareholding Ratio (%)
Qianzuan Co., Ltd.		12,502,945	4.48%
Central Investment Co., Ltd.		11,985,241	4.30%
Kao Fong Machinery Co., Ltd.		7,442,239	2.67%
Central Motor Co., Ltd.		7,398,108	2.65%
Lin, Yen-Huey		3,802,174	1.36%
Sheng, Kuo-Jung		3,647,963	1.31%
Lin, Mei-Yu		3,266,000	1.17%
Chen, Wei-Da		2,746,000	0.98%
Chang, Chih-Chuan		2,543,000	0.91%
Chen, Pei-Lan		1,986,000	0.71%

3. Dividend Policy and Implementation Status

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

The Company may distribute profits or offset losses 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, after review by the Audit Committee of the business report and financial statements, be submitted to the Board of Directors for resolution.

If there is net profit in the annual final accounts, the Company shall first pay income taxes, offset accumulated losses, and then appropriate 10% as legal reserve, unless the legal reserve has reached the Company's paid-in capital. After the special reserve is appropriated or reversed in accordance with law, preferred shares shall be entitled to priority distribution of dividends for the current year and any accumulated unpaid dividends from prior years. The remaining distributable earnings, together with undistributed earnings from prior years, constitute accumulated distributable earnings. The Board of Directors may, taking into account financial, business, and operational considerations, resolve to distribute all or part of such earnings as dividends for the current year, of which cash dividends shall not be less than 20% of the total dividend distribution.

- (2) Distribution of dividends proposed for the year:
- A. According to Articles of Incorporation, the board of directors was authorized to make a resolution for cash dividend distribution after the end of each half-year period. For the fiscal year 2025, the company incurred a net loss after income tax amounting to NT\$756,487,412.
- B. b. The Board of Directors, on March 12, 2026, approved a resolution not to declare any dividends for the fiscal year 2025.

(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 the Company Act and the Company's Articles of Incorporation, where the Company has annual profits, no less than 2% shall be allocated as employee compensation (of which the amount distributed to grassroots employees shall not be less than 35% of the total employee compensation). The Company had no profits in 2025; therefore, no allocation of employee compensation was made.

(2) The Company's 2025 Employees' Compensation and Directors' Compensation are estimated as follows:

Distribution Items	Amount
Employees' Compensation (Cash)	0
Directors' Compensation (Cash)	0
Total	0

(3) Proposals on Distribution of Employees' Compensation and Directors' Compensation as adopted by the Board of Directors: As the Company incurred no profit in 2025, no allocation is made.

(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)	5,000,000
Directors' Compensation (Cash)	1,200,000
Total	6,200,000

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	4 th Batch
Board of Directors Resolution Date	2008/07/03	2008/10/06	2020/03/26	2025/04/09
Buyback Purpose	Maintaining Company Credit and Shareholders' Equity	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	2025/4/11~2025/6/6
Price Interval for Buyback	NTD 20~53 per Share	NTD 14.6~37.40 per Share	NTD 60~90 per Share	NTD 40~70 per Share
Type of Shares Bought Back and Their Quantities	8,000,000 Shares	530,000 Shares	439,000 Shares	558,000 Shares
Amount Represented by the Shares Bought Back	NTD 258,855,338	NTD 7,658,642	NTD 35,009,873	NTD 32,446,571
Ratio of Number of Shares Bought Back to Estimated Buyback (%)	100%	12.93%	7.31%	3.72%
Number of Shares with Cancellation Conducted and Transferred	8,000,000 Shares	530,000 Shares	439,000 Shares	558,000 Shares
Cumulative Number of Shares of the Company Held	0 Shares	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%	0%

(2) Buyback of Treasury Stock (In progress): None.

(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	N/A	
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 cancelation. 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.	<p>The convertible corporate bonds do not have the dilution effect on the equity before the creditors demand the exercise of the conversion right.</p> <p>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.</p> <p>Effective from April 16, 2025, the conversion price is \$47.6.</p> <p>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.</p>	
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 March 31, 2026
Market price of the convertible corporate bonds	Highest	100.70
	Lowest	96.90
	Average	98.36
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 Depository 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:

1. 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.

2. 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

2025 Ratio of Main Products in Operations

Product Name	Percentage %
Motorcycle Gears and Axles	9.57
Automotive Gears and Axles	88.45
Others	1.98
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.
- K. Planetary gear reducer for robot joints.

(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.

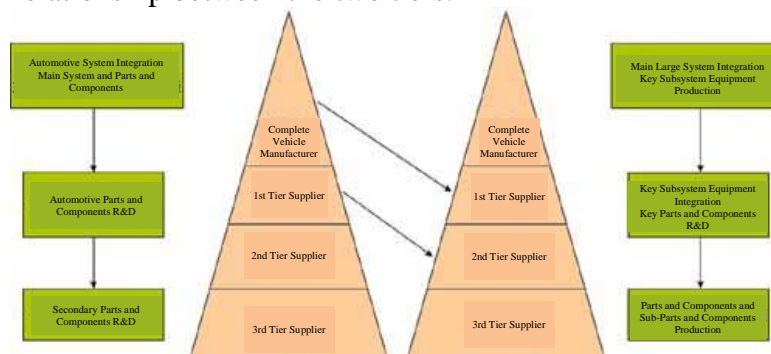
- E. Parts for Gearboxes of US Agricultural and Construction Machinery.
- F. US Patented Limited-slip Differential.
- G. Parts and Components for Air Compressors in Brake Systems for Trucks.
- H. Parts and Components for reductive drive of US Electric Cars and their assembly.
- I. Bevel gears, and assembly 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.
- M. Planetary gear reducer for robot joints.

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.

(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 37 R&D personnel up to the date of annual report publication, accounting for 4.70% 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
2025	99,430	4,807,719	2.07%
Q1 2026	23,960	1,193,410	2.01%

(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
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
2025	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 2026	Automotive drive shafts and torque transmission system components Heavy-duty motorcycle gears and balance shafts Electric vehicle motor shafts and reduction gear assemblies Electric motorcycle motor shafts and reduction gear assemblies Mid-drive motor assembly for electric bicycles (e-bikes) Reduction gearbox for humanoid robot joints

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 12.16% of the total production amount of the Company, and 87.84% 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 upgrading strategy, in addition to the development and manufacturing of transmission components for existing fuel-powered vehicles, the Company is actively expanding into green-energy vehicles such as hybrid and electric vehicles, including the development of reduction gear components for electric drivetrains and robot joint reducers. For various specialized precision gear machine tools, development and application are also aligned with energy-saving and safety standards. In the future, the Company looks forward to providing customers with comprehensive product planning, embedding its expertise and experience into each product, and achieving mass production to expand its product portfolio, thereby enhancing profitability and strengthening 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.

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	2025		2024	
	Amount	Proportion (%)	Amount	Proportion (%)
America	\$2,592,044	53.91%	\$2,754,932	52.32%
China	\$340,155	7.08%	\$331,481	6.29%
Taiwan	\$160,447	3.34%	\$522,257	9.92%
Europe	\$1,352,150	28.12%	\$1,212,755	23.03%
Other	\$362,923	7.55%	\$444,426	8.44%
Total	\$4,807,719	100.00%	\$5,265,851	100.00%

(2) Market Share

Motorcycle Gears and Axles produced by the Company in 2025 accounted for approximately 2.19% 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 2025, the global automotive market maintained moderate growth under the combined influence of disruptions from U.S. tariff policies and the pre-release of demand, with total

sales reaching approximately 94.64 million units, representing a growth rate of 2.2%. The main growth drivers were the continued stimulus from subsidy policies in China, which supported domestic demand growth, as well as the anticipation effect of U.S. tariff policies, which led to a wave of advance vehicle purchases.

Figure 1. Global Automotive Sales Volume and Growth Rate



Source: MarkLines (statistics as of February 4, 2026), compiled by Automotive Research & Testing Center.

Figure 2. 2025 Global Vehicle Sales and Growth Rate by Major Country



Source: MarkLines (statistics as of February 4, 2026), China Association of Automobile Manufacturers (CAAM), China Passenger Car Association (CPCA), compiled by Automotive Research & Testing Center.

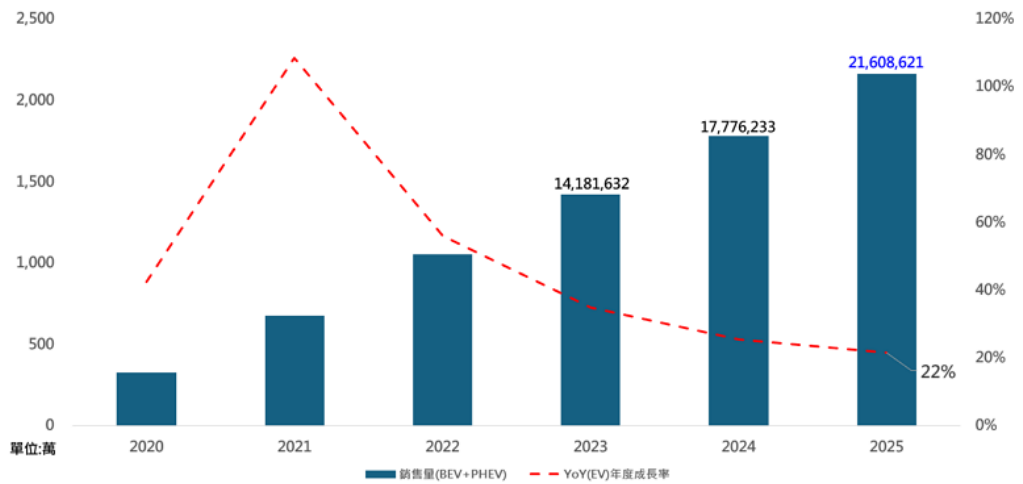
Growth Drivers and Outlook of the Global Automotive Market in 2026

Looking ahead to 2026, the global automotive market is expected to continue facing multiple challenges, including inflationary pressure and a high interest rate environment triggered by U.S. tariff policies. Automakers will need to address supply chain restructuring, demand fluctuations, and policy uncertainties. As a result, overall market visibility remains limited. Nevertheless, supported by the continued increase in electric vehicle penetration and strong demand from emerging markets, the global automotive market is still expected to maintain a moderate growth trend.

According to EV-Volumes data, the global electric vehicle market in 2025, including battery electric vehicles (BEVs) and plug-in hybrid electric vehicles (PHEVs), maintained strong growth momentum, with annual sales reaching approximately 21.6 million units, an increase of about 22% compared with 2024. The penetration rate of newly sold electric vehicles reached 25.4%. In addition, annual sales exceeded 20 million units for the first time, marking a historical high (see Figure 3).

Figure 3. Global Electric Vehicle Sales Volume and Growth Rate in Recent Years

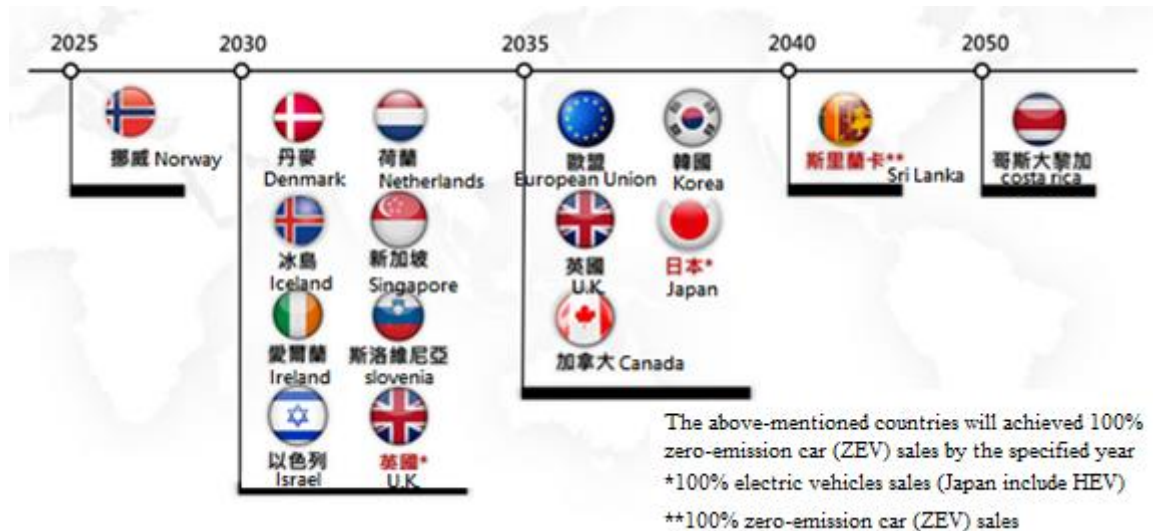
GLOBAL EV SALES 2025



Source: EV-Volumes, compiled by Automotive Research & Testing Center.

Driven by the global trend toward greenhouse gas reduction and increasingly stringent regulations imposed by governments worldwide, international automakers have gradually reduced their research and investment in internal combustion engine (ICE) vehicles and redirected resources toward emerging key systems and components for electric vehicles, in order to develop energy-efficient and low-carbon mobility solutions. At present, many global automakers have successively announced plans to accelerate their transition toward electrification, along with concrete targets regarding electric vehicle launch timelines and sales volumes. For example, Mercedes-Benz Group, a leading European automaker, aims to offer a fully electric variant for all new vehicle models launched after 2025.

Figure 4. Global Targets for Vehicle Electrification or Internal Combustion Engine Phase-Out Policies



Source: International Energy Agency (IEA), compiled by Automotive Research & Testing Center.

In 2025, the global electric vehicle market continued its growth trend, with annual sales reaching 21.6 million units, a record high. The market share also increased to 25%, indicating that the development of electrification is gradually transitioning from the market introduction stage to a new phase characterized by large-scale growth and intensified industry competition. Looking ahead, the growth momentum of the market will continue to rely on policy support from various countries. In addition, driven by global automakers actively launching more affordable electric vehicle models, the gradual narrowing of the price gap between electric vehicles and internal combustion engine vehicles, and the continuous improvement of charging infrastructure convenience, the acceptance of electric vehicles in automotive markets worldwide is expected to further increase.

(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 21 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 key subcontractor to leading U.S. manufacturers of heavy-duty truck transmission assemblies, differentials, torque converter systems, oil pump gears, and reduction gears. Over the years, we have built a strong reputation for reliable delivery and consistent product quality, earning high recognition from our customers.

c. Excellent R&D Technology

The Company is equipped with advanced production equipment and inspection instruments, and possesses strong research and development capabilities within the industry. Supported by a dedicated R&D team, the Company is able to respond promptly to customer requirements and develop customized products, thereby earning long-term trust and recognition from its clients.

With over 50 years of experience in gear manufacturing, the Company has accumulated extensive technical expertise and is well positioned to meet diverse customer needs. Its collaborative development capabilities have been widely recognized by customers in Europe and the United States.

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

Item	2024				2025				2026 up to Q1			
	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	1,056,831	70.10	None	China Steel Corporation	803,584	64.61	None	China Steel Corporation	197,483	66.82	None
2	Jan Fa Industrial	65,057	4.32	None	Jan Fa Industrial	64,976	5.23	None	SeAH Besteel Corp.	22,516	7.62	None
3	Others	385,613	25.58	—	Others	375,126	30.16	—	Others	75,530	25.56	—
	Net Purchase	1,507,501	100	—	Net Purchase	1,243,686	100	—	Net Purchase	295,529	100	—

* 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

Item	2023				2024				2025 up to Q1			
	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	2,537,382	43.94	None	Company A	2,438,193	51.19	None	Company A	651,704	54.61	None
2	Company B	1,093,503	18.94	None	Company B	788,145	16.55	None	Company B	108,570	9.09	None
3	Others	2,143,585	37.12	—	Others	1,536,408	32.26	—	Others	433,136	36.30	—
	Net Sales	5,774,470	100	—	Net Sales	4,762,746	100	—	Net Sales	1,193,410	100.00	—

* 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	2024	2025	2026 (March 31)
Number of employees	Direct	625	550	535
	Indirect	285	269	252
	Total	910	819	787
Average Age		38.47	39.15	39.44
Average length of service		8.33	9.34	9.60
Education distribution ratio (%)	PhD	0%	0%	0%
	Master	2.42%	2.08%	2.03%
	Bachelor	34.07%	34.31%	34.69%
	Senior High School	20.66%	19.29%	19.57%
	Less than Senior High School	42.86%	44.32%	43.71%

(IV) Information Regarding Environmental Protection Expenditure

1. 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:
 - (1) 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.
 - (2) The Company's plants regularly pay fees for sewage treatment and soil and groundwater pollution remediation.
 - (3) Regarding the planning of heat treatment equipment at the Company's Chiayi Plant V, an application for modification of the installation permit for stationary pollution sources was submitted in fiscal year 2024, and the installation permit for stationary pollution sources was obtained in fiscal year 2025.
 - (4) 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.
 - (5) 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.
 - (6) In accordance with environmental protection regulations, all of the Company's plants conduct annual calibration of monitoring equipment.
 - (7) 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.
 - (8) The Company's plants conduct ISO14001 (Environmental Management System)/ISO45001 (Occupational Safety Management System) external audits and verifications every year.
 - (9) 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.
 - (10) In fiscal year 2023, the Company conducted ISO 14064 greenhouse gas inventory for the Chiayi plant. The carbon emissions have reached the threshold required by the Ministry of Environment, and therefore are subject to annual third-party verification and reporting.
 - (11) 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 fiscal year 2025, the Company completed the procurement of wastewater treatment equipment and obtained the water pollution control permit for the new Dali plant site (Lot No. 1088).
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 Company's waste reduction program across all plants is implemented through source control and effective waste segregation. Recyclable materials are collected and recycled by qualified contractors with proceeds returned to the Company, while the remaining waste is handled by licensed industrial waste disposal service providers.
 - (2) The Company's waste reduction program across all plants is implemented through source control and effective waste segregation. Recyclable materials are collected and recycled by qualified contractors, with proceeds returned to the Company, while the remaining waste is handled by licensed industrial waste disposal service providers.
 - (3) All industrial waste generated from the Company's plants is collected and treated by licensed waste disposal contractors. In accordance with relevant regulations issued by the Ministry of Environment, the Company's waste is required to be classified and managed separately in compliance with applicable rules.
 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:

The Company's Chiayi Plant was subject to a penalty of NT\$6,000 due to violations identified in the Environmental Protection Bureau's letter dated August 19, 2025 (Ref. No. 1140029421). The violation involved the outdoor storage of barrelled waste lubricating oil, where the containers were not properly covered, resulting in liquid spillage, and the absence of facilities or measures to prevent the inflow or infiltration of surface water, rainwater, and groundwater. This constituted a breach of Paragraph 1, Article 36 of the Waste Disposal Act. The Company has completed corrective actions and will store the relevant materials in designated locations in accordance with the approved waste management plan. In addition, irregular inspections will be conducted to ensure ongoing compliance.
 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) The Company plans to carry out improvement and cleaning works for the wastewater pipelines across all plants to prevent wastewater from being discharged outside the plant areas.
 - (2) The Company plans to replace and upgrade aging equipment at the wastewater treatment facilities across all plants, in order to enhance energy efficiency and operational performance.

(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 accordance with the Labor Pension Act (Taiwan), which became effective on July 1, 2005, employees who were hired prior to June 30, 2005 and remained employed as of July 1, 2005 were allowed to choose either to continue to be subject to the pension provisions under the Labor Standards Act (Taiwan) or to adopt the pension scheme under the Labor Pension Act, while retaining their seniority accrued prior to the implementation of the Act. Employees hired on or after July 1, 2005 are only eligible for the pension scheme under the Labor Pension Act.

For employees covered by the new pension scheme, the Company contributes 6% of each employee's monthly salary to their individual pension accounts with the Bureau of Labor Insurance (Taiwan). For employees covered by the old pension scheme, the Company establishes pension plans in accordance with the Labor Standards Act and makes monthly contributions equal to 2% of salaries to a pension reserve fund deposited in a trust account with the Bank of Taiwan.

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 maintains generally sound labor-management relations. Since its establishment, there have been no labor disputes that have materially affected its operations, and currently there are no identifiable factors that are likely to give rise to such disputes. Accordingly, the likelihood of future losses arising from labor disputes is considered minimal.

However, the Company's Central Taiwan Science Park plant received several official notices of labor inspection results (dated January 4, 2024; March 28, 2024; August 14, 2024; January 6, 2025; June 2, 2025; September 10, 2025; and January 6, 2026), indicating violations of Article 32, Paragraph 2 of the Labor Standards Act (Taiwan). As a result, the Company was subject to administrative fines totaling NT\$3,050,000.

In response, the Company has conducted a comprehensive review of its working hours management system, strengthened controls over excessive overtime practices across all facilities, and enhanced internal communication and enforcement of overtime application and reporting procedures.

(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) Information Security Team Establishment:

The Company has assigned 2 information security personnel responsible for the implementation of information security policies, investigation and handling and response of information security incidents, threat analysis, internal information security awareness training, as well as the evaluation and implementation of software, hardware, and information security architecture.

(2) Investment in Information Security Equipment and Licensing:

The Company invested a total of NT\$1.5 million in information security-related antivirus licenses, spam filtering updates, maintenance contracts, and equipment.

(3) Information Security Risk Review:

Internal information security meetings are held monthly to review information security risks and carry out corrections.

(4) Disaster Recovery Drill:

A total of 1 disaster drill was conducted during the year to verify the feasibility of backup and recovery mechanisms.

(5) Antivirus Protection:

Through endpoint antivirus protection mechanisms (Kaspersky Endpoint), 135 malicious attacks were successfully intercepted in December 2025.

(6) Spam Email Protection:

Through email protection, a total of 151,020 spam emails were successfully intercepted and 8,249 threat emails were quarantined in 2025.

(7) Information Security Health Check:

Annual information security health checks were conducted through vulnerability scanning, website penetration testing, and phishing emails, with a total of 2 executions and 1 re-

examination. The total number of participants was 430, with 100 participants in the re-examination.

(8) Information Security Promotion:

Information security promotion was carried out through internal announcements and emails, with a total of 12 notices during the year.

(9) Professional Training and Certification:

During the year, relevant information personnel obtained 1 information security-related (audit) certificate and accumulated 40 hours of professional information security training.

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.	2025/10/30-2030/10/30	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	2025	2024	Difference	
			Amount	%
Current assets	5,857,162	7,140,484	(1,283,322)	(17.97)
Long-term investments	743,889	496,777	247,112	49.74
Property, plant and equipment	13,965,359	13,831,099	134,260	0.97
Other assets	933,623	910,140	23,483	2.58
Total assets	21,500,033	22,378,500	(878,467)	(3.93)
Current liabilities	6,591,229	6,419,879	171,350	2.67
Non-current liabilities	7,070,296	7,074,351	(4,055)	(0.06)
Total liabilities	13,661,525	13,494,230	167,295	1.24
Share capital	2,789,595	2,795,175	(5,580)	(0.20)
Capital surplus	3,896,011	3,908,804	(12,793)	(0.33)
Retained earnings	1,081,484	2,060,243	(978,759)	(47.51)
Other equity	(88,534)	(798)	(87,736)	10994.49
Total equity attributable to parent company owners	7,678,556	8,763,424	(1,084,868)	(12.38)
Non-controlling interest	159,952	120,846	39,106	32.36
Total equity	7,838,508	8,884,270	(1,045,762)	(11.77)
Description of items with significant changes (change ratio greater than 20% and change amount greater than NT\$10,000,000):				
Long-term investments: Mainly due to investment gains or losses recognized under the equity method and the operating performance of investees.				
Retained earnings: The change is primarily attributable to adjustments in the timing of revenue recognition and related costs from prior periods.				
Other equity: Mainly arising from changes in the fair value of financial assets held by subsidiaries, which are recognized in proportion to the Group's shareholding.				
Non-controlling interest: Mainly due to the conversion of convertible financial instruments issued by investees, resulting in changes in the equity structure.				

(II) Financial Performance

Unit: NTD Thousands

Item \ Year	Year		Increase (Decrease) Amount	Change Proportion (%)
	2025	2024		
Operating revenue	4,807,719	5,265,851	(458,132)	(8.70)
Operating costs	(4,674,739)	(4,646,157)	28,582	0.62
Gross profit	132,980	619,694	(486,714)	(78.54)
Operating expenses	(639,418)	(795,706)	(156,288)	19.64
Operating income	(506,438)	(176,012)	(330,426)	187.73
Non-operating income and expenses	(255,899)	346,443	(602,342)	(173.86)
Net profit before tax	(762,337)	170,431	(932,768)	(547.30)
Income tax expenses	(9,344)	(38,470)	(29,126)	(75.71)
Net profit for the period	(771,681)	131,961	(903,642)	(684.78)
Net Profit Attributable to Owners of the Parent	(763,293)	131,063	(894,356)	(682.39)
Net Profit Attributable to Non-Controlling Interests	(8,388)	898	(9,286)	(1,034.08)
Description of items with significant changes (change ratio greater than 20% and change amount greater than NT\$10,000,000):				
Gross profit, Operating income, Net profit before tax, Net profit for the period, Net Profit Attributable to Owners of the Parent: Mainly due to the decrease in operating revenue, resulting in a decline in profitability.				
Non-operating income and expenses, Net Profit Attributable to Non-Controlling Interests: Mainly affected by changes in the operating results of investees and adjustments in equity structure.				
Income tax expenses: Due to the overall operations turning from profit to loss, income tax expense decreased accordingly.				

(III) Cash Flow

1. Analysis on Liquidity of the Most Recent Fiscal Year

Item \ Year	Year		Increase (Decrease) Proportion (%)
	2025	2024	
Cash Flow Ratio (%)	14.27	2.88	395.49
Cash Flow Sufficiency ratio (%)	29.15	26.54	9.83
Cash Re-Investment Rate (%)	3.43	(0.44)	(879.55)

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
724,847	1,049,587	878,169	896,265	—	—

Descriptions:

(1) Cash Flow Variation in the Coming Fiscal Year (2026)

A. Operating Activities: It is estimated that revenue and profit will grow slightly in 2026, resulting in an increase in net cash inflow from operating activities.

B. Annual cash outflows: U.S. plant investment project and the planned partial redemption of convertible bonds.

(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	Loss from Investment in Funds	Reinforced Attention to International Exchange Market Changes	Depending on operation status	(13,658)
Captain Holding Co., Ltd.	390,733	Long-Term Investments	Loss from Investment in Funds	Reinforced Attention to International Exchange Market Changes		(157,697)
HOTATECH, INC.	173,638	Long-Term Investments	Expenses	Saving on Unnecessary Expenditure		(42,089)
Hota USA Inc.	25,222	Long-Term Investments	Interest income	None		1,546
Howin Precision Company Limited	41,450	Long-Term Investments	Decrease in orders	Increase in Orders and Enhancement in Competitiveness		(6,511)
Juda Intelligent Technology	159,741	Long-Term Investments	Decrease in orders	Increase in Orders and Enhancement in Competitiveness		(28,485)
Hefu Construction Co., Ltd	68,000	Long-Term Investments	Interest income	None		24
Helun Precision Co., Ltd.	5,000	Long-Term Investments	Interest income	None		35
Core Technology Co., Ltd.	40,000	Long-Term Investments	R&D expenses	None		(10,543)
KAO FONG MACHINERY CO., LTD.	11,400	Long-Term Investments	Decrease in orders, loss from Investment in Funds	Increase in Orders and Enhancement in Competitiveness		(110,884)
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		881
LING WEI CO., LTD.	\$36,338	Long-Term Investments	Stable growth in orders	None		4,670

Reinvested Business	Investment Amount	Policy	Main Reason for Profit (Loss)	Rectification Plan	Other Future Investment Plans	Profit and loss for the period
Hota Industries, LLC	USD735 thousand	Long-Term Investments	Expenses	Saving on Unnecessary Expenditure		(3)
Hota Manufacturing, Inc.	USD1 thousand	Long-Term Investments	None	None		(48)

(VI) Risk Factors Analysis

1. Impact of Changes in Interest Rates, Foreign Exchange Rates, and Inflation on Profit and Loss, and Future Response Strategies

(1) Interest Rate :

The Company's interest rate risk mainly arises from financial liabilities. Changes in interest rates will affect the interest expenses required to be paid on financial liabilities. Most of the financial liabilities are at floating interest rates; therefore, an increase in interest rates may result in higher-than-expected interest expenses. As the Company's financial structure has been strengthened, it has also negotiated with banks for better financing interest rates; therefore, changes in interest rates have a minimal impact on the Company's profit or loss.

(2) Exchange Rates:

The Company's products are mainly for export, and exported products are mostly denominated in U.S. dollars or Euros; therefore, changes in exchange rates have a significant impact on the Company's foreign exchange gains and losses. In order to reduce the impact of exchange rate fluctuations on the Company's profit or loss, the Company adopts the factoring of part of its accounts receivable. The Company does not need to bear the risk of uncollectible accounts receivable, and it also relatively reduces the risk of exchange rate fluctuations. In addition, the Company's transaction counterparties are financial institutions with good credit, and it is expected that the counterparties will not default; therefore, the possibility of credit risk is extremely low.

(3) Inflation:

The prices of raw materials required by the Company and the selling prices of the Company's products are relatively stable; currently, inflation has not had a significant impact on the Company's future profit or loss.

2. The Company's policies regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements/guarantees, and derivative transactions, as well as the main reasons for any related profit or loss and future response measures:

(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 and endorsements/guarantees are conducted in accordance with the Company's "Procedures for Loaning Funds and Providing Endorsements/Guarantees" and the "Regulations Governing Loaning of Funds and Endorsement/Guarantee by Public Companies."

3. Future research and development projects, and expenditures expected in connection therewith:

(1) With state-of-the-art testing equipment and a strong R&D team, the Company is capable of rapidly developing products in response to customer needs, and its future R&D plans 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. Gear hobbing machines, gear shaving machines, and chamfering machines.
 - I. Epicyclic Gearing Sets for Gearbox of Hybrid Cars.
 - J. Intelligent integrated gear manufacturing technology.
 - K. High-efficiency electric vehicle powertrain system assembly.
 - L. Aerospace industry components.
 - M. Bevel gears.
 - N. Bevel gear differential assembly.
 - O. Motor shafts for electric motorcycles.
 - P. Mid-drive electric motor module.Robot joint components.
 - Q. Semiconductor related inspection equipment.
- (2) In the future, R&D expenditures are expected to be adjusted according to product development schedules and operational conditions, and are expected to account for approximately 1% to 5% of total revenue in fiscal year 2026.
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) With the advancement of internet, broadband, and wireless communication technologies, the Company is able to further expand the development of new customers to maximize profits. The Company has purchased state-of-the-art automated machinery and testing equipment, and is committed to building intelligent production lines. In addition, with its strong R&D team and the ability to quickly develop products in response to customer needs, the Company has established a strong brand image in the industry and is favored by European and American customers. This advantage has benefited the Company both financially and operationally.
 - (2) Information security risk assessment, information security risk management framework, information security policies, specific management measures, and resources invested in information security management are described in Section IV.(VI), Cybersecurity Management.
 6. Effect of changes in the Company's corporate image on crisis management, and response measures:
The Company has adhered to the principles of professionalism and integrity in its operations and places great importance on corporate image and risk control. At present, there are no foreseeable crisis events.
 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, Chien-Chih

