

Stock Code: 6175

LITON TECHNOLOGY CORP.

2024 Annual Report

12 May 2025

Information Disclosure Website: mops.tse.com.tw (MOPS)

I. Name, Title and Telephone Number, of the Spokesman or Acting Spokesman

Name of Spokesman: KUO-CHUAN WANG	Email: rogerwang@liton.com.tw
Title: Senior Manager, Finance Department	Telephone:(037)222-899
Name of Acting Spokesman: CHANG-YUAN CHEN	Email : james@liton.com.tw
Title: Manager, Materials Department	Telephone:(037)222-899

II. Address and Telephone Number of the Company's Headquarters, Branch Offices, and Factories

Headquarters: 9, Chung Lung 2Rd., Chung-Hsing Industrial Zone, Tung-Lo Township, Miao-Li County, Taiwan

Telephone: (037)222-899

Miao-Li Factory: 9, Chung Lung 2Rd., Chung-Hsing Industrial Zone, Tung-Lo Township, Miao-Li County, Taiwan

Telephone: (037)222-899

III. Name, Address, Website, and Telephone Number of the Agency Handling Shares Transfer

Stock Transfer Agency Department, Taishin Securities Co., Ltd. Address: B1, No. 96, Jianguo N. Rd., Sec. 1, Taipei

Website: stocktransfer.tssco.com.tw

Telephone: (02)2504-8125

IV. The Names of the CPAs Who Duly Audited the Annual Financial Report for the Most Recent Fiscal Year, and the Name, Address, Website and Telephone Number of the Accounting Firm to Which They Belong

CPAs: Chin-Yuan Tu and Wen-Chen Lo

Accounting Firm: Ernst & Young Taiwan

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

Website: www.ey.com/tw

Telephone: (04)2259-8999

V. Name of Any Exchanges where the Company's Securities are Traded Offshore, and the Method by Which to Access Information on Said Offshore Securities: None

VI. Corporate Website

<http://www.liton.com.tw>

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Chapter I. A Letter to Shareholders

LITON TECHNOLOGY CORP.

2024 Business Report

We would like to express our gratitude to all shareholders and directors for full support. It is through the collective efforts of our dedicated team that the company has been able to operate successfully in challenging circumstances. In 2024, the global economy experienced volatility but also demonstrated resilience. Although overall growth decelerated slightly, it remained at a relatively low level compared to the average before the pandemic. Looking ahead to 2025, economic growth in developed countries such as the United States and the United Kingdom is expected to remain positive, while growth in China and the European Union may slow down. Japan is projected to stay at a level similar to last year, and India is expected to sustain strong growth. This year, several risks persist, including trade protectionism, the effects of U.S. policy shifts, geopolitical conflicts, and recurring inflation. Growth across the electronics industry supply chain remains sluggish, with no significant recovery observed in major consumer electronics. In the electrolytic capacitor foil industry, the average capacity utilization rate remains at a relatively low level, with low-voltage formation foil performing better than high-voltage formation foil. Liton's overall revenue increased by 15% last year. Among its subsidiaries, Ruyuan Lidong Electronic Technology Co., Ltd. recorded a notable increase in etched foil revenue. However, due to a general market contraction and price decline, profitability was negatively impacted.

We will continue to invest in research and development to improve our processes and enhance the quality and grade of our products. We will also adjust our production and marketing strategies to increase the added value of our products and create value for our shareholders. We would like to express our gratitude to all our dedicated employees for their relentless efforts, as well as the unwavering support and trust of our shareholders and directors. We hereby present the financial results for the 2024 and provide an outlook for the operational performance in 2025 as follow:

I. 2024 Business Report

(I) Implementation Results of Business Plan

In the 2024, the Company achieved a net operating revenue of NT\$1,118,127 thousand and net income after tax of NT\$469,249 thousand. This represents a 12.20% decrease in operating revenue and an 59.14% increase in net income before tax compared to 2023, where the net operating revenue was NT\$1,273,498 thousand and the net income after tax was NT\$294,871 thousand.

In 2024, the Company recorded a consolidated operating revenue of NT\$4,225,432 thousand and a net income after tax of NT\$599,820 thousand. Compared to the consolidated operating revenue of NT\$3,676,095 thousand and net income after tax of NT\$340,694 thousand in 2023, this represents a 14.94% increase in operating revenue and a 76.06% increase in net income before tax.

- (II) Budget Execution Status: The Company did not disclose financial forecasts for 2024.
Here is the actual operational performance for the year as shown in the following table:

Unit: NT\$ thousands

	2024 (Parent Company)	2024 (Consolidated)
Operating revenue, net	1,118,127	4,225,432
Operating cost, net	(949,499)	(3,210,479)
Realized (Unrealized) Profit on Intercompany Sales	2,917	-
Gross profit	171,545	1,014,953
Operating expense	(81,452)	(411,351)
Non-operating incomes and expenses	448,475	130,182
Net income before tax	538,568	733,784
Net income after tax	469,249	599,820
Comprehensive income	570,132	724,293

(III) Financial Income and Expenditure and Profitability Analysis

1. Parent Company

Unit: NT\$ thousands; %

Item	2024	2023
Net cash generated by operating activities	91,672	232,807
Net cash generated by (used in) investing activities	197,299	(2,085)
Net cash used in financing activities	(177,027)	(236,489)
Return on assets (%)	10.40	6.92
Return on shareholders' equity (%)	13.52	9.47
Net profit margin (%)	41.97	23.15
Basic EPS (NT\$)	3.23	2.08
Diluted EPS (NT\$)	3.15	1.95

2.Consolidated

Unit: NT\$ thousands; %

Item	2024	2023
Net cash generated by operating activities	605,422	553,118
Net cash used in investing activities	(165,705)	(130,259)
Net cash used in financing activities	(235,445)	(316,308)
Return on assets (%)	10.19	6.16
Return on shareholders' equity (%)	14.23	9.00
Net profit margin (%)	14.20	9.27
Basic EPS (NT\$)	3.23	2.08
Diluted EPS (NT\$)	3.15	1.95

II. Research and Development Achievements in 2024

1. Development of low-voltage energy-saving process.
2. Development of aluminum foil degradation test solution.
3. Improvement plan for LD01 equipment variation and dark-edge issues.

III. 2025 Summary Business Plan

(I) Business Policy

1. Production line improvement plan - advancing energy-saving processes, assessing phosphoric acid recovery technology.
2. Chemical process development - improve features, cut down cost, differentiation.
3. Electrochemically Etched Foils - development of high-volume foil, improvement feature of dispersion.
4. Management System Enhancement - Management IT digitization, maintenance of qualification certificate for a high-tech enterprise.
5. Progressing greenhouse gas inventory and product carbon footprint verification in all factories.

(II) Sales Plan

1. Low pressure formed foil

A. International market

- a. Continuously leverage the competitive advantage of subsidiary Lidon Advanced Electrochemically Etched products to promote the expansion of the market share replacing Japanese foils and strengthening strategic cooperation with high-quality customers in niche products.

- b. Sustain the advantage in the high-end customer market share, aligning with customers' utilization of advanced products, and deepen and broaden the market presence in the high-quality customer segment.
- c. Maintain the focus on targeting new customers and exploring new application markets for products.

B. Domestic market

- a. Stabilize the order stability with key domestic customers, increase production line utilization, and improve gross profit margin.
- b. Continuously expand the sales proportion of polymer solid capacitors and vehicle-dedicated capacitors to enhance the market share of niche products.
- c. Collaborated with key customers to develop advanced capacitor products in fields such as AI chips and electric vehicle Hybrid systems.
- d. Utilize the competitive advantages of Lidong Electrochemically Etched Foil's niche products and Liton formed foil's superior product quality to develop a sales strategy for expanding the customer market and achieve the company's goal of full production and sales utilization.

2. Medium and high pressure formed foil

- A. Effectively utilize the hydroelectric power and favorable policies during the high-water season at the Sichuan plant to drive the full utilization of medium and high-voltage forming production lines, thereby increasing market share and achieving gross profit targets.
- B. Focus on customer orders and sales in high-value application markets to enhance product competitiveness effectively (catering to demands for a long lifespan, high capacity, and high strength).
- C. Effectively seized the emerging opportunities arising from the demand for high-capacitance new foil types driven by AI products, aiming to secure high-quality customers and orders.
- D. Continuously strive to increase market share among high-end customers in Europe, America, and Japan.

3. Guide foil and lead-out bar

- A. Aiming to continuously secure orders from major Japanese clients while maintaining a competitive sales advantage in the European and American markets, and further expanding the proportion of high gross margin orders.
- B. We aim to increase the proportion of our sales to first-tier domestic customers.
- C. Coupled with a high-end precision cutting process, we aim to maintain our leading position as a high-quality lead frame brand both domestically and internationally.

(III) R&D Plan

- 1. Enhance production speed of low-voltage forming in high-voltage segments.

2. Develop energy-saving processes for high-voltage forming.
3. Develop LX03 etched aluminum foil for multilayer capacitors.

(IV) The revenue for 2025 is expected to grow steadily.

IV. Future Corporate Development Strategy

(1) Product Strategy

1. Leverage the competitive edge of in-house etched foil products and the high quality of Liton's forming foil to expand customer market sales programs.
2. Capitalize on the existing advantage in market share among high-end clients to broaden the application scope of customers' advanced products.
3. Effectively utilize hydroelectric power and favorable policies during the high-water season at the Sichuan plant to increase market share and gross profit margin.
4. Promote energy saving and carbon reduction through early-stage ESG initiatives, positioning products to gain competitiveness under the EU CBAM policy.

(2) Marketing Strategy

1. Strengthen Liton's brand image and leadership position through high-quality products and services.
2. Expand the Japanese, European, and American markets by actively seeking strategic alliances and partnerships.
3. Enhance the performance and capacity of in-house high-capacitance foil to expand market share.

V. The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

(I) External competitive environment

In 2025, competition in the aluminum electrolytic capacitor market remains intense. Japanese companies continue to lead in high-end aluminum electrolytic capacitor technologies, maintaining a strong presence in the premium segment. However, companies from Europe, the United States, Taiwan, South Korea, and China are actively striving to close the gap. From an application perspective, AI applications, automotive electronics, and communication base stations are classified as mid-to-high-end markets. These segments are expected to see significant growth, favoring companies with strong technological capabilities. Meanwhile, applications such as EV charging stations, inverters, photovoltaics, and energy storage systems fall under the mid-range category and are also experiencing growth, though competition in these areas is becoming increasingly fierce. Consumer electronics, characterized by lower entry barriers, face the most intense competition.

In the electrode foil industry, the proportion of production capacity located in China has continued to grow in recent years. According to industry associations, China's share of global production capacity has reached approximately 85% in the medium- and high-voltage segment and 66% in the low-voltage segment. The proportion of differentiated products is shrinking, while homogenized products are on the rise, intensifying price competition. There is a clear trend of the industry relocating to regions with lower electricity costs, such as Xinjiang and Inner Mongolia, where the number of new manufacturing facilities continues to increase. This has resulted in significant overcapacity and is expected to exert considerable impact on the high-voltage foil market.

(II) Regulatory environment

The Chinese government has successively introduced administrative regulations aimed at promoting water conservation, controlling pollution in the electronics industry, and advancing energy conservation and carbon reduction. The first comprehensive administrative regulation on water conservation stipulates penalties for high water-consumption industrial enterprises that exceed prescribed water usage quotas. In addition, failure to recover and reuse cooling water from

production equipment, air conditioning systems, or boiler condensate is also subject to regulatory penalties. With respect to the discharge of water pollutants in the electronics industry, effective 1 January 2024, existing enterprises must comply with the newly issued discharge standards for electronic industry water pollutants. The previous standards—namely the Integrated Wastewater Discharge Standard and the Electroplating Pollutant Discharge Standard—will no longer apply.

In line with China’s national “Dual Carbon” goals, the central government has once again emphasized the need to fully establish and enhance a climate change response framework. This includes transitioning from the current dual control mechanism on total energy consumption and energy intensity to a dual control mechanism for carbon emissions. The government is actively building systems for carbon emission statistics and accounting, product carbon labeling and certification, product carbon footprint management, and improving mechanisms for carbon trading markets and voluntary greenhouse gas emissions reduction. These initiatives are being steadily and prudently promoted to achieve carbon peaking and carbon neutrality goals.

(III) Macroeconomic conditions

According to the World Economic Outlook report released by the International Monetary Fund (IMF) on 17 January 2025, the global economic growth rate for 2024 was 3.2%, showing a slight decline compared to 3.3% in 2023. The growth rate is projected to rebound to 3.3% in 2025, returning to the same level as in 2023. At the same time, global inflation is expected to fall to 4.2% in 2025. This moderation in inflation is attributed to improvements on the supply side and effective policy measures by central banks around the world to stabilize inflation expectations, which in turn is expected to enhance consumer spending power.

Although the overall economic outlook has improved more than previously anticipated, the global economy in 2025 remains in a phase of “weak recovery.” On the one hand, adverse factors such as high inflation are gradually receding; on the other hand, the high interest rate environment maintained to combat inflation, the withdrawal of fiscal support under high-debt conditions, and the growing adoption of protectionist trade policies are expected to exert downward pressure on economic growth in 2025. The years following the pandemic have posed significant challenges for global economic development. Going forward, the economy is expected to enter a stage of gradual recovery, with the overall development trend turning positive.

In 2025, the rapid advancement of artificial intelligence is expected to drive the emergence of new engines of economic growth. With the widespread application of AI technologies, demand for high computing power is surging. This trend not only requires robust power supply infrastructure but also significantly increases the demand for high-voltage and high-capacitance capacitors in power systems. At the same time, the demand for solid-state and multilayer capacitors used in CPU/GPU-related applications is also expected to expand further. Additionally, demand for cloud database infrastructure continues to experience strong growth. In the automotive sector, the rising adoption of new energy vehicles and the increasing level of automotive electronic integration are fueling the growth of the automotive capacitor market—particularly in the area of hybrid capacitors, where demand is growing rapidly. From the perspective of the energy industry, market demand in fields such as photovoltaics, hydrogen energy, and energy storage is also projected to continue its upward trajectory in the coming years.

In the context of a slow global economic recovery, industries continue to face fierce competition. To navigate this challenging environment and advance our sustainable development objectives, we are implementing a comprehensive strategic approach. This includes strengthening investment in research and development, continuously optimizing production efficiency, and reducing operational costs, while actively promoting energy conservation and carbon reduction practices. Furthermore, the Company remains closely attuned to evolving market demands and are committed to developing differentiated products to reinforce our core competitiveness.

Wishing all shareholders, good health and all the best!

Chairman: CHIH-MING WU

President: TUNG- JUNG LI

Accounting Supervisor: KUO-CHUAN WANG

Chapter II. Corporate Governance Report

I. Information on Directors, Supervisors, Presidents, Vice Presidents, Senior Mangers and heads of all the company's departments and branch units

(I) Directors and Supervisors

1. Information on Directors and Supervisors

Unit: Shares; %; 26 April 2025

Title	Nationality or place of registration	Name	Gender	Age	Date on which current position was assumed	Term of contract	Commencement date of the first term	Number of shares held at the time of election		Number of shares currently held		Number of shares currently held by the spouses and children of minor age		Number of shares held through nominees		Principal work experience and academic qualifications	Position(s) held concurrently in the company and/or in any other company	Other officer(s), director(s), or supervisor(s) with which the person has a relationship of spouse or relative within the second degree			Remark
								Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Chairman	ROC	CHIH-MING WU	Male	Age Above 60	27 June 2024	3 Years	27 June 2003	470,701	0.33	470,701	0.31	1,069,956	0.71	0	0.00	Lamar University, Master	Note 1	Representative of Corporate Director	TE-CHUAN WU	Father and son	-
Corporate Director	ROC	Lelon Electronic Corp.	--	--	27 June 2024	3 Years	17 December 1997	43,731,598	30.53	43,731,598	29.04	0	0.00	0	0.00	-	None	None	None	None	Note 9
Representative of Corporate Director	ROC	TE-CHUAN WU	Male	Age Above 70	27 August 2021	-	17 December 1997	594,310	0.42	13	0.00	0	0.00	0	0.00	National Cheng Kung University, Electrical Engineering major Taiwan Power Company, Chief of Engineering Section	Note 2	Chairman	CHIH-MING WU	Father and son	Note 9
																		Director	YUNG-CHANG CHU	Relatives by marriage	
Representative of Corporate Director	ROC	HONG-TE LU	Male	Age 60-70	27 June 2024	3 Years	27 June 2024	0	0.00	0	0.00	0	0.00	0	0.00	National Taiwan University, Graduate Institute of Business Administration, Ph.D. in Marketing	Note 3	None	None	None	Note 9
Director	ROC	TSUN-HSIN KO	Male	Age 60~70	27 June 2024	3 Years	27 June 2003	655,309	0.44	615,059	0.41	42,262	0.03	0	0.00	National Yang Ming Chiao Tung University EMBA Material and Chemical Research Laboratories, ITRI Aluminum Foil R&D Project Host	Note 4	None	None	None	-
Director	ROC	YUNG-CHANG CHU	Male	Age Above 70	27 June 2024	3 Years	27 June 2003	810,092	0.57	460,092	0.31	543,408	0.36	0	0.00	National Defense Medical Center/ Doctor	None	Representative of Corporate Director	TE-CHUAN WU	Relatives by marriage	-
Independent Director	ROC	YEN-CHUNG TSOU	Male	Age 60~70	27 June 2024	3 Years	15 June 2015	0	0.00	0	0.00	0	0.00	0	0.00	National Cheng Kung University, Department of Accountancy	Note 5	None	None	None	-
Independent Director	ROC	YIN-TANG TSENG	Male	Age Above 70	27 August 2021	-	15 June 2015	0	0.00	0	0.00	0	0.00	0	0.00	National Taiwan University of Science and Technology, Honorary Engineering Master's Degree	Note 6	None	None	None	Note 9
Independent Director	ROC	JUNG-MENG TSENG	Male	Age Above 70	27 June 2024	3 Years	27 June 2024	0	0.00	0	0.00	0	0.00	0	0.00	National Cheng King University, Department of Electrical Engineering	Note 7	None	None	None	-
Independent Director	ROC	LI-HUA HUANG	Female	Age 50~60	27 June 2024	3 Years	30 June 2023	0	0.00	0	0.00	0	0.00	0	0.00	National Taichung University of Science and Technology, Department of Accountancy	Note 8	None	None	None	-

Note 1: Chairman of Liton Electronics Technology (Hui Zhou) Co., Ltd., Chairman of Liton Electronics Technology (Abazhou) Co., Ltd., Chairman of LITON (BVI) CO., LTD., Chairman of V-TECH CO., LTD., Chairman of FOREVER CO., LTD., Supervisor of Ruyuan Lidon Electronic Technology Co., Ltd, Chairman and President of Lelon Electronics Corp., Chairman of Lelon Electronics (HUIZHOU) Corp., Chairman and President of Lelon Electronics (SUZHOU) Corp., Chairman and President of Lelon Electronics (SUZHOU) Corp., Chairman of LIRON ELECTRONICS (THAILAND) CO., LTD., Chairman of LIRO ELECTRONICS CO., LTD., Chairman of EVER-WEI INTERNATIONAL CO., LTD., Chairman of DONGGUAN LEHONG TRADING CO., LIMITED, Chairman of LIFU MACHINERY INDUSTRIAL CO., LTD., Director of Global Brands Manufacture Ltd., Director of CHYI FA CO., LTD., Chairman of Fengjie Investment Co., Ltd.,

Note 2: Chairman of EVERTECH CAPA CO., LTD., Chairman of WLGROUP CONSTRUCTION, Director of f Lelon Electronics (HUIZHOU) Corp., Director of ANCKU-TAICHUNG CORP., Independent Director of UNIVERSAL MICROELECTRONICS CO., LTD., Chairman of Chuan Fu investment Co. Ltd.,

Note 3: Adjunct Professor, Department of Business Administration, Chung Yuan Christian University.

Note 4: Director of Liton Electronics Technology (Hui Zhou) Co., Ltd., Director of Liton Electronics Technology (Abazhou) Co., Ltd., Chairman of Ruyuan Lidon Electronic Technology Co., Ltd.

Note 5: Partner of Representative of Sun Young CPAs, Independent Director of SUNKO INC CO. LTD., Independent Director of Universal Microelectronics CO., LTD.

Note 6: Chairman of SIWARD Crystal Technology Co., Ltd., Director of SIWARD TECHNOLOGY CO., LTD., Director of APEX OPTECH CORPORATION, Director of APEX OPTECH CO., Director of JEN HUA ELECTRONICS (WUSIH) CO., LTD., Chairman of SCT (USA) INC., Director of SIWARD TECHNOLOGY CO., LTD, Chairman of SAG SECURITAG ASSEMBLY GROUP CO., LTD, Director of Rakon Limited, Chairman of Sward Crystal Technology (DONGGUAN) ELECTRONICS (WUSIH) CO., LTD., Chairman of SIWARD TECHNOLOGY CO., LTD, Representative of the Corporate Director of SAG SECURITAG ASSEMBLY GROUP CO., LTD., Representative Director of SE JAPAN CO., Vice Chairman of Sward Crystal Technology (DONGGUAN), Independent Director of SUN OWN INDUSTRIAL CO., LTD.

Note 8: Vice President of Hong Siang Certified Public Accountants, Independent Director of Chian Hsing Forging Industrial Co., Ltd.

Note 9: The term of the current board of directors will expire on 27 June 2024. A full re-election of directors will be conducted at the annual general meeting of 2024. Lelon Electronics Corp. has designated HONG-TE LU as its new representative. YIN-TANG TSENG has decided not to seek reappointment due to personal reasons.

2. Major Shareholders of Institutional Shareholders

26 April 2025

Name of institutional shareholder	Major shareholder of institutional shareholder
LELON ELECTRONICS CORP.	CHYI FA CO., LTD. 15.55%
	CHUNG-MING WU 4.74%
	CHIH-MING WU 4.63%
	JEN-MING WU 4.02%
	CHU-FU-MEI WU 1.97%
	CHENG-HUNG CHANG 1.87%
	J.P. Morgan Bank, Taipei Branch, acts as custodian for the investment account of J.P. Morgan Securities Ltd. 1.69%
	YU-KUANG CHENG 1.67%
	Standard Chartered Bank, Commercial Banking Division, acts as custodian for the investment account of Mizuho Securities Co., Ltd. 1.47%
	JUI-MIN CHANG 1.37%

3. If any Major Shareholder is a Corporate/Juristic Person, List its Major Shareholders in this Form

26 April 2025

Name of corporate/juristic person	Major shareholders of the corporate/juristic person
CHYI FA CO., LTD.	JEN-MING WU (29.43%), CHUNG-MING WU (29.43%), PEI-CHIH LO (17.73%), CHIH-MING WU(11.69%), YU-CHIEH WU (1.95%), YU-FENG WU (1.95%), YU-CHE WU (1.95%), YU- HSUEH WU (1.95%) and YU-CHING WU(3.91%)

4. Disclosure of Information Regarding the Professional Qualifications and Experience of Directors and the Independence of Independent Directors:

Qualification Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of other public companies at which the person concurrently serves as an independent director
Chairman/CHIH-MING WU	With the required working experience in business and corporate business.	N/A	0
Director and Representative of LELON ELECTRONICS CORP./ HONG-TE LU	With the required working experience in business and corporate business.	N/A	0
Director/TSUN-HSIN KO	With the required working experience in business and corporate business.	N/A	0
Director/YUNG-CHANG CHU	With the required working experience in business and corporate business.	N/A	0
Independent Director/ YEN-CHUNG TSOU	With more than 20 years of work experience in business, finance, accounting and corporate business, and have passed the national CPA exam to obtain the certificate. Nothing in connection with the paragraphs under Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. The person, his/her spouse, and kindred within the 2nd tier have not served as directors, supervisors, or employees of the Company or its affiliated companies. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) have not held any quantity and proportion of shareholding of the Company. 3. Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies. 4. No remuneration from business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 5. Does not meet any descriptions stated in Article 30 of the Company Act. 	2

Qualification Name	Professional qualifications and experience (Note 1)	Independence analysis (Note 2)	Number of other public companies at which the person concurrently serves as an independent director
Independent Director/ JUNG-MENG TSENG	With more than 20 years of work experience in business and corporate business. Nothing in connection with the paragraphs under Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. The person, his/her spouse, and kindred within the 2nd tier have not served as directors, supervisors, or employees of the Company or its affiliated companies. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) have not held any quantity and proportion of shareholding of the Company. 3. Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies. 4. No remuneration from business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 5. Does not meet any descriptions stated in Article 30 of the Company Act. 	1
Independent Director/ LI-HUA HUANG	With more than 20 years of work experience in business and corporate business. Nothing in connection with the paragraphs under Article 30 of the Company Act.	<ol style="list-style-type: none"> 1. The person, his/her spouse, and kindred within the 2nd tier have not served as directors, supervisors, or employees of the Company or its affiliated companies. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) have not held any quantity and proportion of shareholding of the Company. 3. Not a Director, Supervisor or employee of companies with special relation to the Company (for additional information, refer to Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters of Public Companies. 4. No remuneration from business, legal, financial and accounting services rendered to the Company or its affiliates in the last 2 years. 5. Does not meet any descriptions stated in Article 30 of the Company Act. 	1

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

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

5. Diversity and independence of the Board:

(1) Diversity of the Board:

The diversification policies, goals, and achievement of the Board of Directors.

The Company strengthens the competency and norms of the Board of Directors based on the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies". The composition of the board of directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers do not exceed one-third of the total number of the board members, and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- a. Basic requirements and values: Gender, age, nationality, and culture; it is advisable that the number of female directors accounts for at least one-third of all the directors.
- b. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- a. Ability to make operational judgments.
- b. Ability to perform accounting and financial analysis.
- c. Ability to conduct management administration.
- d. Ability to conduct crisis management.
- e. Knowledge of the industry.
- f. An international market perspective.
- g. Ability to lead and ability to make policy decisions.

The Company's nomination and selection of members of the Board of Directors are in compliance with the provisions of the Articles of Incorporation. The Company's nomination and selection of members of the Board of Directors adopt the candidate nomination system. In addition to evaluating the qualifications of each candidate's working and academic experience and abide by the "Procedures for Election of Directors". And after the resolution of the Board of Directors is passed, it will be submitted to the shareholders' meeting for election to ensure the diversity and independence of directors.

All members of the Board of Directors possess the required knowledge, skills, accomplishments, and industrial decision-making and management capabilities for business execution. To improve the quality of decision-making and fulfill the supervisory responsibility, the Company continually arranges a variety of refresher courses for the members of the Board. By this means, the Company can enhance the functions of the Board.

(2) Independence of the Board:

The ninth Board of Directors has 7 directors, including 3 Independent Directors who account for 43% of all Directors to ensure the independence of the board; the Company's director who also serves as the company's manager has 1 seat, accounting for 14% of all directors, no more than one-third of the number of all Directors.

(II) Information on the company's presidents, vice presidents, senior managers, and the supervisors of all the company's departments and branch units

Unit: share; %; 26 April 2025

Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
President	ROC	TUNG-JUNG LI	Male	5 April 2000	58,673	0.04	4,630	0.00	0	0.00	-Department of Textile and Chemical Engineering, National Taipei Institute of Technology (now National Taipei University of Technology) -Plant Manager at Yong Jian Electric Ceramics Co., Ltd. -Plant Manager of the Vietnam Factory, TRANDI ELECTRIC CORP.	Note 2	None	None	None	Note 1
Chief Strategy Officer	ROC	TSUN-HSIN KO	Male	1 September 1999	615,059	0.41	42,262	0.03	0	0.00	-National Chiao Tung University EMBA graduate -ITRI MCL, Deputy Researcher and Engineer -ITRI MCL, Lead Investigator for Aluminum Foil Development Program	Note 3	None	None	None	Note 1
Vice President	ROC	CHUN-YING LIU	Male	12 July 2004	0	0.00	0	0.00	0	0.00	-Graduate of the Department of Materials Science and Engineering at National Tsing Hua University -Employee at the Industrial Technology Research Institute (ITRI) Material Research Laboratories -Division manager at Her Chiao Technology -Assistant manager at Crystalwise Technology	Note 4	None	None	None	-
Senior Manager Supervisor, Finance Department	ROC	KUO-CHUAN WANG	Male	15 April 2010	13,000	0.01	0	0.00	0	0.00	-Graduate of the Department of Finance at Yunlin University of Science and Technology -Audit manager at Jianzhi & Co., CPA -Audit manager/ Management Manager at Lianmei Forestry Co., Ltd.	Note 5	None	None	None	-

Note 1: TSUN- HSIN KO, Chief Strategy Officer and former President, retired on 27 June 2024. On 5 July 2024, the board of directors appointed TUNG- JUNG LI, former Vice President, as the new President.

Note 2: Director and President of Liton Electronics Technology (Hui Zhou) Co., Ltd., Chairman of Liton Electronics Technology (A ba zhou) Co., Ltd.

Note 3: Director of Liton Electronics Technology (Hui Zhou) Co., Ltd., Director of Liton Electronics Technology (A ba zhou) Co., Ltd., Supervisor of RuyuanLidon Electronic Technology Co., Ltd

Note 4: Director and President of Ruyuan Lidon Electronic Technology Co., Ltd.

Note 5: Supervisor of Liton Electronics Technology (A ba zhou) Co., Ltd.

(III) Where the chairman of the board of directors and the president or person of an equivalent post (the highest-level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto: None.

II. Remuneration Paid During the Most Recent Fiscal Year to Directors, Supervisors, President and Vice Presidents
(I) Remuneration to Directors

Remuneration to Directors and Independent Directors

Unit: NT\$
thousands

Title	Name	Compensation of Directors								The total amount of the four items, namely, A, B, C and D, and the proportion of net profit after tax		Part-time employees receive relevant remuneration								The total amount of the four items, namely, A, B, C, D, E, F AND G, and the proportion of net profit after tax (Note 3)		Receiving remuneration from subsidiaries for reinvestment in business or parent companies
		Remuneration(A)		Retirement pay(B) (Note 1)		Director's remuneration (C) (Note 2)		Business execution expenses(D)				Salary, bonuses and special expenses, etc(E)		Retirement pay(F)		Employee compensation(G) (Note 2)						
		Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report	Company	All companies in the financial report			Company	All companies in the financial report	Company	All companies in the financial report	The amount of cash	The amount of the shares	The amount of cash	The amount of the shares			
Chairman	CHIH-MING WU	703	1,431	-	-	956	956	30	30	1,689	2,417	-	-	-	-	-	-	-	-	1,689	2,417	12,558
										0.36%	0.52%									0.36%	0.52%	
Corporate Director	LELON ELECTRONICS CORP.	-	-	-	-	823	823	-	-	823	823	-	-	-	-	-	-	-	-	823	823	-
										0.18%	0.18%									0.18%	0.18%	
Director	TE-CHUAN WU (Note 4)	-	-	-	-	-	-	15	15	15	15	-	-	-	-	-	-	-	-	15	15	202
										0.00%	0.00%									0.00%	0.00%	
Representative of Corporate Director	HONG-TE LU	-	-	-	-	-	-	20	20	20	20	-	-	-	-	-	-	-	-	20	20	-
										0.00%	0.00%									0.00%	0.00%	
Director	TSUN-HSIN KO	-	-	-	-	889	889	35	35	924	924	2,460	3,562	5,812	5,812	1,115	-	1,115	-	10,311	11,413	-
										0.20%	0.20%									2.20%	2.43%	
Director	YUNG-CHANG CHU	-	-	-	-	823	823	35	35	858	858	-	-	-	-	-	-	-	-	858	858	-
										0.18%	0.18%									0.18%	0.18%	
Independent Director	YEN-CHUNG TSOU	-	-	-	-	823	823	185	185	1,008	1,008	-	-	-	-	-	-	-	-	1,008	1,008	-
										0.21%	0.21%									0.21%	0.21%	
Independent Director	YIN-TANG TSENG (Note 4)	-	-	-	-	-	-	120	120	120	120	-	-	-	-	-	-	-	-	120	120	-
										0.03%	0.03%									0.03%	0.03%	
Independent Director	JUNG-MENG TSENG	-	-	-	-	773	773	65	65	838	838	-	-	-	-	-	-	-	-	838	838	-
										0.18%	0.18%									0.18%	0.18%	
Independent Director	LI-HUA HUANG	-	-	-	-	823	823	65	65	888	888	-	-	-	-	-	-	-	-	888	888	-
										0.19%	0.19%									0.19%	0.19%	
1.Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid: (1) According to the Articles of Incorporation, the remuneration of directors shall be determined by the board of directors based on the level of involvement and contribution to the operations of the company and may be paid at such level as generally adopted by the enterprises of the same industry. (2) The Articles of Incorporation also provide for remuneration of the directors at a rate not exceeding 2.5% of the profit for the year. The independent directors are not currently paid a fixed salary and the remuneration is paid from the remuneration of directors when the company makes a profit. 2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities /invested enterprises): None.																						

Note 1: This refers to the retirement pension paid in accordance with the law. The actual retirement pension paid to Chief Strategy Officer TSUN- HSIN KO in 2024.

Note 2: At the Board Meeting held on 12 March 2025, the Board approved the proposal of the distribution of employee compensation of NT\$16,890 thousand and director remuneration of NT\$5,910 thousand for 2024 and will submit to the 2025 annual meeting of shareholders for approval.

Note 3: The calculation is based on the net income after tax and net profit attributable to the parent company of NT\$469,249 thousand for 2024.

Note 4: The term of the current board of directors will expire on 27 June 2024. A full re-election of directors will be conducted at the annual general meeting of 2024. Lelon Electronics Corp. has designated HONG-TE LU as its new representative. YIN-TANG TSENG has decided not to seek reappointment due to personal reasons.

(II) Remuneration to President(s) and Vice President(s)

Unit: NT\$ thousands

Title	Name	Salary (A)		Retirement pays (B) (Note 1)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note2)				The sum of A, B, C and D in proportion to net income (%) (Note 3)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All consolidated entities	The Company	All consolidate d entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolidate d entities	
								Cash	Stock	Cash	Stock			
President	TUNG-JUNG LI	1,315	2,162	82	82	534	1,262	883	-	883	-	2,814	4,389	-
												0.60%	0.94%	
Chief Strategy Officer	TSUN-HSIN KO	1,825	2,199	5,812	5,812	635	1,363	1,115	-	1,115	-	9,387	10,489	-
												2.00%	2.24%	
Vice President	CHUN-YING LIU	1,459	3,030	96	96	449	954	-	-	-	-	2,004	4,080	-
												0.43%	0.87%	

*Disclosures must be made for all persons in positions equivalent to president or vice president, regardless of job title (e.g., director-general, chief executive officer, chief administrative officer...etc.).

Note 1: This refers to the retirement pension paid in accordance with the law. The actual retirement pension paid to Chief Strategy Officer TSUN- HSIN KO in 2024.

Note 2: At the Board Meeting held on 12 March 2025, the Board approved the distribution of NT\$16,890 thousand to employees and NT\$5,910 thousand to directors for 2024 and submitted the report to the 2025 Annual General Meeting of Shareholders.

Note 3: The calculation is based on the net income after tax and consolidated net profit attributable to the parent company of NT\$469,249 thousand for 2024.

(III) Remuneration to the Five Highest Remunerated Management Personnel

Unit: NT\$ thousand

Title	Name	Salary(A)		Retirement pays (B) (Note 1)		Rewards and special disbursements (C)		Employee profit-sharing compensation (D) (Note 2)				The sum of A, B, C and D in proportion to net income (%) (Note 3)		Remuneration received from investee enterprises other than subsidiaries or from the parent company	
		The Company	All consolidated entities	The Company	All consolidat ed entities	The Company	All consolidated entities	The Company		All consolidated entities		The Company	All consolid ated entities		
								Cash	Stock	Cash	Stock				
President	TUNG- JUNG LI	6,642	10,097	6,119	6,119	2,281	4,598	3,223	-	3,223	-	18,265	24,037	-	
Chief Strategy Officer	TSUN- HSIN KO														
Vice president	CHUN- YING LIU											3.89%	5.12%		
Senior manager/ Head of the Finance Department	KUO- CHUAN WANG														
Manager	KUN- JEN KU														

Note 1: This refers to the retirement pension paid in accordance with the law. The actual retirement pension paid to Chief Strategy Officer TSUN- HSIN KO in 2024.

Note 2: At the Board Meeting held on 12 March 2025, the Board approved the distribution of NT\$16,890 thousand to employees and NT\$5,910 thousand to directors for 2024 and submitted the report to the 2025 Annual General Meeting of Shareholders.

Note 3: The calculation is based on the net income after tax and consolidated net profit attributable to the parent company of NT\$469,249 thousand for 2024.

(IV) Names and Distributions of Employee Profit-Sharing Compensation to Managerial Officers

Unit: NT\$ thousands

Title		Name	Stock	Cash	Total	The total amount in proportion to net income (%) (Note 2)
Managers	President	TUNG-JUNG LI	-	3,223	3,223	0.69%
	Chief Strategy Officer	TSUN-HSIN KO				
	Vice President	CHUN-YING LIU				
	Senior Manager/ Head of Finance Department	KUO-CHUAN WANG				

Note 1: At the Board Meeting held on 12 March 2025, the Board approved the distribution of NT\$16,890 thousand to employees and NT\$5,910 thousand to directors for 2024 and submitted the report to the 2025 Annual General Meeting of Shareholders.

Note 2: Based on the net income after tax in the Company's parent company only financial statements and the net income attributable to owners of the parent in the consolidated financial statements for 2024, which amounted to NT\$469,249 thousand.

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

1. The analysis of the remuneration to the directors, supervisors, president, and vice president.

Year Item	Total remuneration as a percentage of net income stated in the parent only financial reports or individual financial reports (Note 1)			
	2023		2024 (Note 2)	
	The Company	All consolidated entities	The Company	All consolidated entities
Director	2.81%	3.17%	3.53%	3.92%
President and Vice President	2.99%	4.21%	3.03%	4.05%

Note 1: The calculation is based on the net income after tax and consolidated net profit attributable to the parent company of NT\$469,249 thousand for 2024.

Note 2: At the Board Meeting held on 12 March 2025, the Board approved the distribution of NT\$16,890 thousand to employees and NT\$5,910 thousand to directors for 2024 and submitted the report to the 2025 Annual General Meeting of Shareholders.

2. Remuneration policies, standards, and packages

- (1) The remuneration of the Company's Directors includes transportation allowances and remuneration for Directors and Supervisors. Only the Chairman receives a fixed remuneration, the rest of the Directors do not receive a fixed remuneration. The remuneration for the Chairman is authorized by the Articles of Incorporation and is decided by the Board of Directors according to the degree of participation in the Company's operations and the value of its contribution, and with reference to the usual standard of the industry and is submitted to the Remuneration Committee. The variable remuneration is in accordance with the rules of the Articles of Incorporation. If the Company makes profits in the year, it should be handled in accordance with Article 19 of the Articles of Incorporation and the distribution is based on Directors and Supervisors' participation in the Board of Directors, the reference index is the attendance rate of the Board, tenure ratio, etc.
- (2) The remuneration the Company pays to President and Vice President includes salary, bonus and employee bonus. The remuneration is based on the scope of authority and responsibility of the position, the achievement rate of the Company's overall operating goals, personal performance and academic experience, etc., and with reference to the salary level of similar positions in the same industry. If the Company makes profits in the year, it should be handled in accordance with Article 19 of the Articles of Incorporation.

3. The procedure for setting the amount of remuneration

The remuneration of Directors, Supervisors and Managers must be regularly evaluated and determined by the Company's Remuneration Committee in accordance with regulations and submitted to the Board of Directors for approval

4. Employee and director remuneration and performance bonus allocation operations

- (1) According to Article 19 of the Company's Articles of Incorporation: In the event of profitability in the fiscal year of the Company... an amount not less than 2.5% shall be allocated for employee remuneration, and not more than 2.5% shall be allocated for director remuneration..." For 2024, the allocation ratios for employee remuneration and director remuneration were 3.01% and 1.05%, respectively. After discussion by the Remuneration Committee and the Board of Directors on 12 March 2025, it was resolved to distribute these amounts in cash, and a report was submitted to the shareholders' meeting of 2025.
- (2) Performance bonuses are allocated based on 2% of the total amount calculated from the item "Net profit after deduction of interest expenses and exchange losses (excluding interest revenue and exchange gains)" in the monthly consolidated financial statements provided by the Finance Department. These bonuses are distributed annually during the Chinese New Year, Dragon Boat Festival, and Mid-Autumn Festival, following performance evaluations of employees approved by the President and ratified by the Chairman of the Board.

5. Association with operation performance

- (1) Implement regular performance evaluations of the Board of Directors every year, and handle them in accordance with the rules of the performance evaluation method of the Board of Directors of the Company. Submit the evaluation to the report of the remuneration committee and the Board of Directors for the next year. The performance evaluation results of the Board of Directors should be used as a reference when selecting or nominating Directors. And the performance evaluation results of individual directors will be a reference for determining their individual remuneration.
- (2) The remuneration of the Company's managers includes salary, bonus, and employee bonus. The salary refers to education, working experience, work, performance, seniority and industry standards. The bonus and employee remuneration refer to Managers' Items of evaluation, which include financial index (such as company revenue, the achievement rate of net income, etc.) and non-financial index (such as yield rate).

6. Association with risks in the future

Since the Company's Directors, President and Vice President are all professionals who know very well about the s industry, they will not engage in behaviors that might cause risks to the Company for pursuing short-term rewards. As a result, the risks to the Company's operating conditions are relatively low.

III. The State of the Implementation of Corporate Governance

(I) Information on the State of Operation of the Board of Directors

The Board of Directors convened for 7 (A) meetings in the most recent year and the attendance of the directors was as follows:

Title	Name	Number of meetings attended in person (B)	Number of meetings attended by proxy	In-person attendance rate (%) (B/A)	Remarks
Chairman	CHIH-MING WU	6	1	86.0%	
Corporate Director	LELON ELECTRONICS CORP. Representative: TE-CHUAN WU	3	0	100.0%	Note 1
Corporate Director	LELON ELECTRONICS CORP. Representative: HONG-TE LU	4	0	100.0%	Note 1
Director	TSUN-HSIN KO	7	0	100.0%	
Director	YUNG-CHANG CHU	7	0	100.0%	
Independent Director	YEN-CHUNG TSOU	7	0	100.0%	
Independent Director	YIN-TANG TSENG	3	0	100.0%	Note 1
Independent Director	JUNG-MENG TSENG	4	0	100.0%	Note 1
Independent Director	LI-HUA HUANG	7	0	100.0%	

Note 1: The term of the current board of directors will expire on 27 June 2024. A full re-election of directors will be conducted at the annual general meeting of 2024. Lelon Electronics Corp. has designated HONG-TE LU as its new representative. YIN-TANG TSENG has decided not to seek reappointment due to personal reasons.

Other information required to be disclosed

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:

(1) Any matter under Article 14-3 of the Securities and Exchange Act

The Company has established an Audit Committee and is not subject to the provisions of Article 14-3 of the Securities and Exchange Act. For further information, please refer to the Information on the State of Operation of the Audit Committee.

(2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent director that is on record or stated in writing with respect to any board resolution: None.

2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director's name, the content of the motion, the cause for recusal, and whether and how the director voted:

Date	Director	Content of the motion	Cause for recusal, and whether and how the director voted
1st Meeting of 2024 31 January 2024	TSUN-HSIN KO CHIH-MING WU	Year-end bonus for managerial officers.	Recused from voting due to potential conflict of interest related to individual remuneration.
3rd Meeting of 2024 9 May 2024	TE-CHUAN WU CHIH-MING WU TSUN-HSIN KO YUNG-CHANG CHU YEN-CHUNG TSOU YIN-TANG TSENG LI-HUA HUANG	Distribution of Directors' remuneration.	Recused from voting due to potential conflict of interest related to individual remuneration.
	TSUN-HSIN KO CHIH-MING WU	Distribution of remuneration to employees and managerial officers.	
	TE-CHUAN WU CHIH-MING WU TSUN-HSIN KO YUNG-CHANG CHU YEN-CHUNG TSOU YIN-TANG TSENG LI-HUA HUANG	Nomination of Director and Independent Director Candidates.	
	TSUN-HSIN KO	Retirement of the President and reappointment as Chief Strategy Officer.	
	YEN-CHUNG TSOU JUNG-MENG TSENG	Appointment of members of the Remuneration Committee	
5th Meeting of 2024 5 July 2024	TSUN-HSIN KO YEN-CHUNG TSOU JUNG-MENG TSENG	Retirement of the President and reappointment as Chief Strategy Officer. Appointment of members of the Remuneration Committee	Recused from voting due to potential conflict of interest related to individual remuneration.

6th Meeting of 2024 8 August 2024	TSUN- HSIN KO	Retirement of President TSUN- HSIN KO and his reappointment as Chief Strategy Officer with compensation terms.	Recused from voting due to potential conflict of interest related to individual remuneration.
1st Meeting of 2025 14 January 2025	CHIH- MING WU	Year-end bonus for managerial officers in 2024.	Recused from voting due to potential conflict of interest related to individual remuneration.
	TSUN- HSIN KO		
	TSUN- HSIN KO	Execution of treasury stock transfer to employees	
3rd Meeting of 2025 12 May 2025	CHIH- MING WU	Employee remuneration distribution for managerial officers and salary adjustment for managerial officers.	Recused from voting due to potential conflict of interest related to individual remuneration.
	TSUN- HSIN KO	Distribution of Director remuneration.	
	CHIH- MING WU		
	HONG- TE LU		
	TSUN- HSIN KO		
	YUNG- CHANG CHU		
	YEN- CHUNG TSOU		
	JUNG- MENG TSENG		
	LI-HUA HUANG		

3. For a TWSE or TPEx listed company, disclose information including the evaluation cycle and period(s) of the board of directors' self-evaluations (or peer evaluations) and the evaluation method and content:

Evaluation cycle	Evaluation period	Scope of evaluation	Method of evaluation	Evaluation content
Once annually	Performance evaluation for the period from 1 January 2024 to 31 December 2024	Entire Board of Directors	Internal evaluation by the board of Directors	The criteria for evaluating the performance of the board of directors, which shall cover the following five aspects: 1. Participation in the operation of the company.

				<ol style="list-style-type: none"> 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control
Once annually	Performance evaluation for the period from 1 January 2024 to 31 December 2024	Individual Directors	Self-evaluations by directors	<p>The criteria for evaluating the performance of the board members (on themselves or peers), shall cover the following six aspects:</p> <ol style="list-style-type: none"> 1. Alignment of the goals and missions of the company 2. Awareness of the duties of a director 3. Participation in the operation of the company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control
Once annually	Performance evaluation for the period from 1 January 2024 to 31 December 2024	Audit Committee	Self-evaluations by committee members	<p>The criteria for evaluating the performance of functional committees shall cover the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control
Once annually	Performance evaluation for the period from 1 January 2024 to 31 December 2024	Remuneration Committee	Self-evaluations by committee members	<p>The criteria for evaluating the performance of functional committees shall cover the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal control

4. The objectives of the current and most recent year to enhance the functions of the Board (to establish an audit committee and to improve information transparency, etc.) and evaluation of the implementation:
- (1) The Company has conducted internal evaluations of the performance of the board a whole, individual directors and functional committees in accordance with the “Rules for Performance Evaluation of Board of Directors” for 2024.
 - (2) The Results of the internal evaluation of the Board's Performance for 2024: The Board of Directors as a whole achieved a score of 97.8, individual directors scored 98.1, the Audit Committee scored 96.9, and the Remuneration Committee scored 95.1 (out of a total score of 100) in the performance evaluation. All the assessed entities, including the Board of Directors, individual director members, Remuneration Committee, and Audit Committee obtained scores above 90. Areas identified for further improvement include: D. Director Selection and Continuing Education under the Board of Directors, A. Understanding of Corporate Goals and Missions under individual Board members, and B. Awareness of Responsibilities of Functional Committees under the Remuneration Committee. Interaction between the corporate governance unit, meeting coordinators, the Board of Directors, and members of the Remuneration Committee should be further strengthened to deepen board members’ understanding of the Company’s operations.
 - (3) The aforementioned evaluation results and improvement suggestions were reported the Board of Directors on 12 March 2025.

(II) The state of operations of the audit committee or the state of participation in board meetings by the supervisors:

1. Information on the State of Operation of the Audit Committee:

The Audit Committee convened for 6 (A) meetings in the most recent year and the attendance of the independent directors was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Actual attendance rate (%) (B/A)	Remarks
Independent Director	YEN-CHUNG TSOU	6	0	100.0%	
Independent Director	YIN-TANG TSENG	3	0	100.0%	Note 1
Independent Director	JUNG-MENG TSENG	3	0	100.0%	Note 1
Independent Director	LI-HUA HUANG	6	0	100.0%	

Note 1: The term of the current board of directors will expire on 27 June 2024. A full re-election of directors will be conducted at the annual general meeting of 2024. Lelon Electronics Corp. has designated HONG-TE LU as its new representative. YIN-TANG TSENG has decided not to seek reappointment due to personal reasons.

Additional information:

- I. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the motion(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee.
- (1) Any matter under Article 14-5 of the Securities and Exchange Act.

Date	Content of the motion(s)	Measures taken by the Company based on the opinions of the Audit Committee members
1st Meeting of 2024 31 January 2024	<ol style="list-style-type: none"> Review of the Company's regular evaluation of the independence of CPAs. Examination of professional fees for the CPAs. Non-assurance service of Ernst & Young and its affiliates. 	Approved by all members of the Audit Committee
2nd Meeting of 2024 13 March 2024	<ol style="list-style-type: none"> 2023 Declaration of Internal Control System. 2023 Business Report and Financial Statements. Release of the prohibition on directors and their representatives from participation in the competitive business. 	Approved by all members of the Audit Committee
3rd Meeting in 2024 9 May 2024	<ol style="list-style-type: none"> Report on 2024 Q1 Consolidated Financial Statements. The state of implementation of issuance of security through private placement in 2023. Proposal of cash offering by private placement. Release of the prohibition on directors from participation in the competitive business. 	Approved by all members of the Audit Committee

	<ul style="list-style-type: none"> 5. Review of the Company's regular evaluation of the independence of CPAs. 6. Examination of professional fees for the CPAs. 7. Proposal of cash offering by private placement. 	
4th Meeting in 2024 8 August 2024	Report on the first half of 2024 Consolidated Financial Statements.	Approved by all members of the Audit Committee
6th Meeting in 2024 11 November 2024	<ul style="list-style-type: none"> 1. Report on 2024 Q3 Consolidated Financial Statements. 2. Development of an annual audit plan for internal audit in 2025. 3. Amendment to certain provisions of the Internal Control System – "Management Control Operational Cycle" and "Internal Audit Implementation Rules" 	Approved by all members of the Audit Committee
1st Meeting in 2025 14 January 2025	<ul style="list-style-type: none"> 1. Review of the Company's regular evaluation of the independence of CPAs. 2. Examination of professional fees for the CPAs. 3. Non-assurance service of Ernst & Young and its affiliates. 	Approved by all members of the Audit Committee
2nd Meeting in 2025 12 March 2025	<ul style="list-style-type: none"> 1. 2024 Declaration of Internal Control System. 2. 2023 Business Report and Financial Statements. 	Approved by all members of the Audit Committee
3rd Meeting in 2025 12 May 2025	<ul style="list-style-type: none"> 1. Report on 2025 Q1 Consolidated Financial Statements. 2. The state of implementation of issuance of security through private placement in 2024. 3. Proposal of cash offering by private placement. 4. Amendment to the Internal Control System – "Payroll Cycle" and "Internal Audit Implementation Rules" 	Approved by all members of the Audit Committee

(2) In addition to the items mentioned above, other matters that have not been approved by the Audit Committee and are approved by more than two-thirds of all directors:
None

II. The implementation of the independent director's recusal of the interested proposal shall state the name of the independent director, the content of the proposal, the reason for the recusal of the interest, and the circumstances of participation in voting: None.

III. Communication between the independent directors and the internal audit supervisor and the CPAs that serve as external auditors:

(1) The Company's internal audit supervisor regularly communicates with the independent directors regarding the results of audit reports. Adequate communication has

been maintained concerning the execution of audit tasks, the follow-up on deficiencies identified during audits, and the effectiveness of corrective actions. Internal audit reports are also presented at Board meetings. In the event of any special circumstances, the internal audit supervisor would report to the independent directors immediately; however, no such situations occurred in 2024. The communication between the Company's independent directors and the internal audit supervisor has been satisfactory.

- (2) The Company's CPAs hold at least one communication meeting annually with the independent directors, and additional meetings may be scheduled as needed. During these meetings, the CPAs report the audit results of the financial statements of the company and its domestic and overseas subsidiaries, as well as discuss other communication matters related to regulatory requirements. In case of any special circumstances, immediate reporting is made to the independent directors. There were no such special circumstances in 2024.
- (3) Summary of communication between independent directors, internal audit managers, and CPAs of the company:

Date	Communication with Internal Audit Supervisors	Communication with CPAs	Outcome
31 January 2024	Implementation status during 2023/11/1~2023/12/31	None	Approved after being reviewed by the Audit Committee.
13 March 2024	None	The audit results of the financial statements for 2023 of the Company	Approved after being reviewed by the Audit Committee.
9 May 2024	Implementation status during 2024/1/1~2023/3/31	None	Approved after being reviewed by the Audit Committee.
8 August 2024	Implementation status during 2024/4/1~2024/7/31	1. Analysis of major differences in the financial statements 2. CPA's draft of the review report	Approved after being reviewed by the Audit Committee.
11 November 2024	Implementation status during 2024/8/1~2024/10/31	None	Approved after being reviewed by the Audit Committee.
14 January 2024	Implementation status during 2024/11/1~2024/12/31	None	Approved after being reviewed by the Audit Committee.
12 March 2025	None	The audit results and opinions of the financial statements for 2024 of the Company and the discussions and communications regarding updates to securities regulations and tax laws.	Approved after being reviewed by the Audit Committee.
12 May 2025	Implementation status during 2025/1/1~2025/4/30	None	Approved after being reviewed by the Audit Committee.

2. Information on the state of participation in board meetings by the supervisors: N/A.

(III) Corporate governance practices and variations from “the Corporate Governance Best-Practice Principles for TWSE /TPEX Listed Companies”

Items of evaluation	Implementation status			Variations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?		✓	The Company has not yet established a Corporate Governance Best Practice Principles, which has been evaluated and is under planning. However, the exercise of powers and functions by the directors and the internal control system is in accordance with the principles of the “Corporate Governance Best-Practice Principles for TWSE/Listed Companies”.	No variation
2. Shareholding structure & shareholders’ rights (1) Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The Company has established a spokesperson mechanism to address such issues.	No variation
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		Yes, the Company has a Share Transfer Agent to provide the services.	No variation
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The Company and its subsidiaries have established relevant management practices.	No variation
(4) Does the Company establish internal rules to prohibit insiders from trading marketable securities using information not publicly available in the market?	✓		The Company has established relevant management practices.	No variation
3. Composition and Responsibilities of the Board of Directors (1) Does the Board formulate a diversity policy, establish specific management objectives, and take actions to ensure effective implementation ?	✓		The Company currently has a Remuneration Committee and an Audit Committee.	No variation
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	The planning of functional committees will be determined by the members of the Board.	No variation
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of Directors and referenced when determining the remuneration of individual directors and nominations for re-election?	✓		The evaluation has been carried out regularly.	No variation
(4) Does the company regularly evaluate the independence of CPAs?	✓		The Company annually assesses the independence and suitability of CPAs. It also has the independence statement and audit quality index (AQI) information of Ernst & Young Associates. Please refer to Note 1 for the assessment of the independence and suitability of CPAs.	No variation

Items of evaluation	Implementation status			Variations from the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary description	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		<p>The Finance Department is responsible for matters relating to the meetings of the Board of Directors and Shareholders' Meetings of the Company and for the registration of companies and amendments to the register of companies.</p> <p>On 9 August 2022, the Board of Directors approved the appointment of a Corporate Governance Supervisor in the company. KUO- CHUAN WANG, the Senior Manager of the Administrative Management Department, has been appointed as the Corporate Governance Supervisor and possesses over three years of experience in the financial operations of public companies and is required to undergo a minimum of 12 hours of continuing education annually as per regulations. The primary responsibilities of the Corporate Governance Officer include handling matters related to board of directors and shareholders' meetings in compliance with the law, preparation of minutes for board of directors and shareholders' meetings, assisting directors in their appointment and ongoing professional development, providing necessary information for directors to carry out their duties and assisting directors in compliance with legal and regulatory requirements.</p>	No variation
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		Disclosed on the Company's website.	No variation

Items of evaluation	Implementation status			Variations from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary description	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Stock Transfer Agency Department of Taishin Securities Co., Ltd. has been appointed to operate as a stock transfer agent.	No variation
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		Yes.	No variation
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences)?	✓		Yes, the Company has a dedicated person responsible for collecting and disclosing information according to their job description.	No variation
(3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	✓		As scheduled.	No variation
8. Is there any other important information available to understand the operation of corporate governance in the company (Including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors, etc.)?	✓		(1) Employee rights, employee care, investor relations, supplier relations, stakeholder rights: Contact information is available on the Company's website. (2) Please refer to Note 2 for further details on the continuing education of the directors. (3) Risk management policy and risk assessment standard in action: Weekly, monthly and quarterly reviews are carried out based on internal controls. (4) Professional liability insurance for the protection of the Directors: Yes.	No variation
9. Please provide information on the results of the review of corporate governance conducted by the Corporate Governance Center of the Taiwan Stock Exchange for the most recent year, as well as priorities and measures for improvement where improvements have not yet been made: None.				

Note 1: Independence and Suitability Assessment Form for CPAs

1. Assessment description: In accordance with Article 29 of the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies”, a TWSE/TPEx listed company shall engage with a CPA that is professional, responsible, and independent and shall evaluate the independence and suitability of the CPA engaged by the company regularly, and no less frequently than once annually.

2. Assessment subject:

Name of the CPAs	CHIN-YUAN TU WEN-CHEN LO	Name of the accounting firm	Ernst & Young Taiwan
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3. Assessment content: Formulated in reference to Article 47 of Certified Public Accountant Act and Statement of Auditing Standards No. 10:

Item	Assessment Indicators	Outcome	
		Yes	No
1	The Company has not engaged the same CPAs without replacement for 7 years consecutively up to the most recent audit engagement.	V	
2	The CPAs shall have no significant financial interest with the client.	V	
3	Avoidance of any inappropriate relationship with the client.	V	
4	The CPAs shall ensure the honesty, impartiality and independence of their assistants.	V	
5	The CPAs shall not audit the financial statements of the entities for which they have provided services during the two years preceding their practice.	V	
6	The name of the CPAs shall not be used for any other purpose.	V	
7	The CPAs shall not hold any shares of the company or its affiliates.	V	
8	The CPAs shall not have any involvement in borrowing from the company or its affiliates.	V	
9	The CPAs shall not engage in any joint investment or benefit-sharing relationship with the company or its affiliates.	V	
10	The CPAs shall not hold any permanent employment or receive a fixed salary in connection with the employment activities of the company or its affiliates.	V	
11	The CPAs shall not involve themselves in the management of decision-making functions of the company or its affiliates.	V	
12	The CPAs shall not engage in any other business in which the CPAs would otherwise become impartial.	V	
13	The CPAs shall not have any relationship with the spouse, or relative within the second degree with the company's management	V	
14	The CPAs shall not receive any commission in connection with the business.	V	
15	To date, the CPA has not been subject to any disciplinary action or circumstances that would compromise the principle of independence.	V	

4. Performance and planning:

1. Completing the audit of the company's financial statements for each quarter on schedule.
2. Completing the audit of the investee company's financial statements for each quarter on schedule.
3. Providing occasional financial and tax advisory services to the Company.

5.Assessment outcome:

As a result of the assessment, none of the CPAs engaged by the company had any of the matters described in the above independence assessment items and it is confirmed that the CPAs have met the independence criteria and the reliability of the financial statements issued by the CPAs are in good standing.

Note 2: Continuing education of the Directors:

Title	Name	Date	Organizer	Course Title	Hours
Chairman	CHIH-MING WU	3 July 2024	TWSE	2024 Cathay Sustainable Finance and Climate Change Summit	6.0
Representative of Corporate Directors	HONG-TE LU	28 March 2024	Taipei Foundation of Finance	Corporate Governance – Stakeholder Engagement – How TWSE/TPEX Listed Companies Can Bridge the Gap with the Capital Market	3.0
		19 April 2024	Taipei Foundation of Finance	Corporate governance – Sustainable Finance	3.0
Director	TSUN-HSIN KO	3 July 2024	TWSE	2024 Cathay Sustainable Finance and Climate Change Summit	6.0
Director	YUNG-CHANG CHU	25 February 2025	Securities & Futures Institute	Sustainability Information Preparation and Reporting Workshop	6.0
Independent Director	YEN-CHUNG TSOU	12 April 2024	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Management Workshop	3.0
		12 September 2024	Taiwan Corporate Governance Association	Comprehensive Overview of Corporate Compliance: From Integrity Management and Breach of Trust to Labor Law Practices (Including Gender Equality in Employment Act)	3.0
Independent Director	JUNG-MENG TSENG	16 June 2024	Taiwan Investor Relations Institute	Hostile Takeovers – Focusing on the Assurance of Management Control	3.0
		21 July 2024	Taiwan Investor Relations Institute	Functions and Prospects of the Taiwan Carbon Solution Exchange & The Board of Directors' Role in Overseeing the Establishment and Enhancement of Corporate Risk Management Mechanisms	3.0
Independent Director	LI-HUA HUANG	12 April 2024	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Management Workshop	3.0
		3 July 2024	TWSE	2024 Cathay Sustainable Finance and Climate Change Summit	6.0

(IV) Where a company has established a Remuneration Committee, disclose its composition and the operation:

1.Information on the members of the Remuneration Committee

<div> <div>Condition</div> <div>Name</div> <div>Identity (Note 1)</div> </div>		Professional designation and work experience (Note 2)	Status of independence (Note 3)	Number of companies where the members of the Remuneration Committee also hold concurrent positions as members of the Remuneration Committee
Independent Director (Convener)	YEN-CHUNG TSOU	With more than 20 years of experience in business, finance, accounting and company operations and having passed the national examination for accountants and not having been involved in any of the circumstances set out in section 30 of the Company Act.	<ol style="list-style-type: none"> 1. The person, spouse, or kindred within the 2nd tier does not hold a position as director, supervisor or employee of the Company or its affiliates. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) does not hold any shares issued by the Company. 3. Not holding a position as director, supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies). 4. Remuneration of no service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years. 	2
Independent Director	JUNG-MENG TSENG (Note 4)	Having more than 20 years experience in business and corporate practice and not having been involved in any of the circumstances set out in Section 30 of the Company Act	<ol style="list-style-type: none"> 1. The person, spouse, or kindred within the 2nd tier does not hold a position as director, supervisor, or employee of the Company or its affiliates. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) does not hold any shares issued by the Company. 3. Not holding a position as director, supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 3 of the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies) 4. Remuneration of no service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years. 	1

<div> <div>Condition</div> <div>Name</div> <div>Identity (Note 1)</div> </div>		Professional designation and work experience (Note 2)	Status of independence (Note 3)	Number of companies where the members of the Remuneration Committee also hold concurrent positions as members of the Remuneration Committee
Other	HSIANG-YING HUANG	Having more than 20 years experience in business and corporate practice and not having been involved in any of the circumstances set out in Section 30 of the Company Act.	<ol style="list-style-type: none"> 1. The person, spouse, or kindred within the 2nd tier does not hold a position as director, supervisor or employee of the Company or its affiliates. 2. The person, spouse, or kindred within the 2nd tier (or in the name of a third party) does not hold any shares issued by the Company. 3. Not holding a position as director, supervisor, or employee of companies with special relation to the Company (Subparagraphs 5~8 of Paragraph 1 under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by The Remuneration Committee of a Company Whose Stock is Listed on Taiwan Stock Exchange or Taipei Exchange). 4. Remuneration of no service in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years. 	4

Note 1: Please state the identity as a director, independent director, or Other.

Note 2: Professional designation and work experience: Specify the professional designation and experience of individual members of the Remuneration Committee.

Note 3: Status of independence: specify the status of independence of the members of the Remuneration Committee, including but not limited to holding a position as director, supervisor, or employee of the Company and its affiliates by the person, spouse, kindred within the 2nd tier. Quantity and proportion of Company shares held by the person, spouse, and kindred within the 2nd tier (or in the name of a third party), holding a position as Director, Supervisor, or employee of companies in a special relationship with the Company (refer to Subparagraphs 5~8 of Paragraph 1 under Article 6 of the Regulations Governing the Appointment and Exercise of Powers by The Remuneration Committee of a Company Whose Stock is Listed on Taiwan Stock Exchange or Taipei Exchange), the amount of remuneration for rendering services in commerce, legal affairs, finance, and accounting to the Company or its affiliates in the last 2 years.

Note 4: The term of the current board of directors will expire on 27 June 2024. A full re-election of directors will be conducted at the annual general meeting of 2024. Lelon Electronics Corp. has designated HONG-TE LU as its new representative. YIN-TANG TSENG has decided not to seek reappointment due to personal reasons.

2.Information on the operation of the Remuneration Committee:

- (1) The Remuneration Committee of the Company consists of 3 members.
- (2) The current term of office of the members: 5 July 2024 to 26 June 2027. The remuneration committee convened for 4 (A) meetings in the most recent year with qualifications and attendance as follows:

Title	Name	Attendance in Person (B)	By Proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	YEN-CHUNG TSOU	4	0	100.0%	
Member	HSIANG-YING HUANG	4	0	100.0%	
Member	YIN-TANG TSENG	3	0	100.0%	Note 1
Member	JUNG-MENG TSENG	1	0	100.0%	Note 1

Note 1: The term of the current board of directors will expire on 27 June 2024. A full re-election of directors will be conducted at the annual general meeting of 2024. Lelon Electronics Corp. has designated HONG-TE LU as its new representative. YIN-TANG TSENG has decided not to seek reappointment due to personal reasons.

Additional information:

- I. If the Board turned down or revised the recommendation of the Remuneration Committee, specify the date, session of the Board, the content of the motion, the resolution of the Board and the response of the Company to the opinions of the Remuneration Committee (if the resolution on remuneration passed by the Board is senior to the recommendation of the Remuneration Committee, explain the difference and the reason): None.
- II. If there is any adverse opinion or qualified opinion on record or in a written declaration on the resolutions of the Remuneration Committee, specify the date, session of the committee meeting, contents of the motion, and opinions of all members and respond to the opinions of the members: None.

3. The date of the sessions, contents of the motions, resolutions and the response of the Company to the opinions of the Remuneration Committee are as follows:

Date	Key Resolutions of the Remuneration Committee	Implementation
31 January 2024	<ol style="list-style-type: none"> 1. Proposed discussion on the work of the Remuneration Committee in 2024. 2. Proposed discussion on amendments to regulations on payment of year-end bonuses to employees for 2023 and other related regulations. 3. Proposed review of the 2023 distribution of year-end bonuses to the managerial officers of the Company. 4. Proposed review of the estimated distribution of the 2024 performance bonus for the managerial officers of the Company. 	Approved by all
13 March 2024	<ol style="list-style-type: none"> 1. The payment method for employees and directors and supervisors' compensation for 2023. 	
9 May 2024	<ol style="list-style-type: none"> 1. Proposed review of the 2024 salary adjustment plan for managerial officers. 2. Proposed review of the distribution of directors' and managerial officers' compensation for 2023. 	
8 August 2024	<ol style="list-style-type: none"> 1. Election of the convener. 2. Proposed Review of the retirement and continued appointment of TSUN-HSIN KO as Chief Strategy Officer and the remuneration. 3. Proposed review of the remuneration for the newly-appointed President. 	
14 January 2025	<ol style="list-style-type: none"> 1. Proposed discussion on the work of the Remuneration Committee in 2025. 2. Proposed discussion on amendments to regulations on payment of year-end bonuses to employees for 2024 and other related regulations. 3. Proposed review of the 2024 distribution of year-end bonuses to the managerial officers of the Company. 4. Proposed review of the estimated distribution of the 2025 performance bonus for the managerial officers of the Company. 5. Proposed the execution of treasury stock transfer to employees. 	
12 March 2025	<ol style="list-style-type: none"> 1. Amendment to the Company's "Article of Incorporation". 2. The payment method for employees and directors and supervisors' compensation for 2024. 	
12 May 2025	<ol style="list-style-type: none"> 1. Proposed review of the 2025 salary adjustment plan for managerial officers. 2. Proposed the discussion on amendments to employee compensation and salary procedures. 3. Proposed review of the distribution of directors' and managerial officers' compensation for 2024. 	

(V) Differences between Company policy and “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for differences:

Evaluation Item	Implementation status			Variations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the difference
	Yes	No	Abstract Explanation	
1. Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?		✓	Although the Company has not formulated a corporate social responsibility policy or system, it continues to practice Corporate Social Responsibility and will formulate relevant policies in the future depending on the situation.	No variation
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?		✓	Although the Company has not formulated a corporate social responsibility policy or system, it continues to practice Corporate Social Responsibility and will formulate relevant policies in the future depending on the situation.	No variation
3. Environmental Issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		In order to follow international environmental protection regulations and comply with national environmental protection laws and regulations, the Company has established ISO14001 - Environmental Management Systems and has set up a safety and environmental department to be responsible for environmental maintenance and public safety.	No variation
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		The Company uses advanced technology and equipment, and is committed to environmental protection, energy conservation, industrial waste reduction and resource recycling; and promotes correct environmental protection concepts, develops good habits of pollution prevention and waste reduction, and all employees participate in green environmental protection activities. Moreover, the efficiency of raw material usage is improved in the manufacturing process, and the overall usage of raw materials is reduced. The cardboard boxes, old pallets, and iron pipes used in the manufacturing process are recycled and reused to achieve the purpose of reducing waste.	No variation
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		The company has not assessed the issue of the impact of climate change on the enterprise. For further information, please refer to 5.1 Implementation Status of Climate-Related Information	None
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		The company has promoted energy-saving and carbon-reduction measures and used equipment and products with energy-saving labels to reduce energy consumption, and advocated energy-saving and carbon-reduction measures.	No variation

Evaluation Item	Implementation status			Variations from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons for the difference
	Yes	No	Abstract Explanation	
4. Social issues				
(1) Does the company formulate appropriate management policies and procedure according to relevant regulations and the International Bill of Human Rights?	✓		In the Company's human resources management system and work rules, all labor-related regulations (employment, working hours, wages, vacations, rewards and punishments, resignation, etc.) follow the national "Labor Standards Act" and other relevant laws and respect internationally recognized basic labor human rights principles, etc., and strictly require the personnel of relevant units to implement.	No variation
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		The Company has formulated personnel rules and related reward systems for employee compensation based on their performance.	No variation
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		The Company regularly conducts environmental safety training and health check-ups for employees. For the information on current implementation status, please refer to Pages <u>80-81</u> .	No variation
(4) Does the company provide its employees with career development and training sessions?	✓		The Company provides employees with further education and training opportunities to improve employees professional functions. In addition, the heads of each department provide their subordinates with professional guidance and training related to their work. For the information on current implementation status, please refer to Page <u>82</u> .	No variation
(5) Does the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented?	✓		Maintain good communication channels between the Company and consumers to provide transparent and effective customer complaint procedures related to products and services.	No variation
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		Before dealing with suppliers, the Company must conduct supplier assessments to assess whether the relevant incoming materials comply with relevant environmental regulations. In addition, new regulations also require suppliers to provide relevant information for the Company's assessment. Moreover, the contracts with major suppliers have stated that they must "comply with the requirements of international environmental protection laws and regulations". In addition, if a breach of contract has happened or the situation has not improved after the breach, the Company can terminate or rescind the contract. The Company has formulated a "Policy Declaration on Non-Utilization of Conflict Minerals" and communicates it to suppliers with a commitment not to accept metals sourced from conflict-affected areas.	No variation

Evaluation Item	Implementation status			Variations from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and reasons for the difference																										
	Yes	No	Abstract Explanation																											
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non- financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?		✓	The Company plans to complete the preparation and public disclosure of the 2024 Sustainability Report by 31 August 2025.	None																										
6. If the company has established its own sustainable development code in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies”, please clarify the difference between its operation and the established code: To fulfill corporate social responsibility and facilitate progress in economic, environmental, and social aspects towards sustainable development goals, the company has established a “Corporate Social Responsibility Statement (CSR)” which regulates: (1)Compliance with laws and social norms, (2)Health and safety measures,(3)Environmental considerations, (4)Fair and equitable transactions, (5)Ensuring information security and appropriate information protection, (6)Quality and safety, delivery, fair pricing, and stable supply. (7)Promoting contributions to society, and (8)Collaboration between the company and suppliers to promote corporate social responsibility activities.																														
7. Other important information that can help to understand the operation of Sustainable Development:																														
(1) Environmental protection matters: The Company pursues energy saving and carbon reduction and has always used equipment and products with energy-saving labels to reduce energy consumption. The Company encourages employees to take specific actions in their daily lives to love the earth by saving energy and reducing carbon.																														
1. The Huizhou Plant completed the installation of photovoltaic facilities in June 2023, with an investment cost of RMB 4.1 million. It is anticipated to reduce electricity expenses by RMB 1 million annually.																														
2. The Miaoli Plant completed the greenhouse gas inventory ISO-14064-1 in November 2023 and obtained third-party verification.																														
3. The Miaoli Plant invested NT\$30 million to establish renewable energy power generation equipment in July 2024, with completion and commissioning expected in 2025.																														
4. The statistical data for greenhouse gas emissions, water usage, and total waste weight for the past two years are as follows:																														
Unit:tons																														
<table><tr><th rowspan="2">Item</th><th colspan="3">Greenhouse Ga Emission</th><th rowspan="2">Water Usage</th><th colspan="2">Total Waste Weight</th></tr><tr><th>Scope 1</th><th>Scope 2</th><th>Scope 3</th><th>Hazardous Waste</th><th>Non-Hazardous Waste</th></tr><tr><td>2024</td><td>34.7849</td><td>6,123.2797</td><td>1,368.9753</td><td>2,380.6429</td><td>0.0000</td><td>139.3400</td></tr><tr><td>2023</td><td>37.1399</td><td>6,417.5760</td><td>1,407.3756</td><td>2,213.3783</td><td>0.0000</td><td>164.1800</td></tr></table>					Item	Greenhouse Ga Emission			Water Usage	Total Waste Weight		Scope 1	Scope 2	Scope 3	Hazardous Waste	Non-Hazardous Waste	2024	34.7849	6,123.2797	1,368.9753	2,380.6429	0.0000	139.3400	2023	37.1399	6,417.5760	1,407.3756	2,213.3783	0.0000	164.1800
Item	Greenhouse Ga Emission			Water Usage		Total Waste Weight																								
	Scope 1	Scope 2	Scope 3		Hazardous Waste	Non-Hazardous Waste																								
2024	34.7849	6,123.2797	1,368.9753	2,380.6429	0.0000	139.3400																								
2023	37.1399	6,417.5760	1,407.3756	2,213.3783	0.0000	164.1800																								
1. Data Boundary: Parent company; Data has not yet been verified by a third-party verification organization.																														
5. The Company primarily relies on externally purchased electricity for energy. The Company’s goal is to achieve an annual reduction of 1% in carbon emissions based on the 2021 baseline year. Future adjustments to the greenhouse gas emission reduction targets will depend on amendments to climate management laws.																														
(2) Health and safety: Detailed information on workplace environment and measures for personal safety protection, along with current implementation status, please refer to pages 81.																														
(3) Gender equality: The company has long been committed to fostering a workplace environment that is friendly to all employees. Details of the current implementation status can be found on page 83.																														
(4) Social welfare: The Company has been committed to playing its role in corporate citizenship and fulfilling its duty for a long time and has always spared no effort in fulfilling its social responsibilities. The Company has conducted various fundraising activities for disaster recovery from time to time. The Company participated in the “China Sichuan Earthquake Charity Donation”, “Maibagah Children's English and Cross-cultural Education Project” and the “Domestic Adoption through the Taiwan Fund for Children and Families”. The Company's business philosophy is to continue to invest, enhance the vitality of the business, and improve the quality of products and services to enable the Company, employees, and customers to grow simultaneously to implement environmental protection, maintain social resources, fulfill corporate responsibilities, and give back to society.																														

(VI) Climate-related Information Implementation Status: Not Applicable.

5-1 Implementation Status of Climate-Related Information

Item	Implementation Status
1. Specify the oversight and governance of climate-related risks and opportunities by the Board of Directors and management.	The Sustainability Development Task Force serves as the highest authority for climate change management within the Company. It is responsible for planning and formulating action plans in response to climate change and for promoting green energy initiatives. The task force executes climate risk control measures and corresponding strategies. A quarterly report is submitted to the Board of Directors, covering key updates and implementation results, including energy-saving and carbon reduction performance, greenhouse gas emissions management, climate impact assessments, and progress toward sustainability goals.
2. Specify how the identified climate-related risks and opportunities impact the company's business, strategy, and financials in the short, medium, and long term.	<p>1. Climate Opportunities The Company's climate opportunities primarily align with its focus on green products and processes. In response to climate change, we continue to implement energy- and water-saving measures, actively promote green manufacturing, and seize green business opportunities through the development of environmentally friendly products and equipment improvements that support sustainable processes. These efforts position us as a key partner in our customers' sustainable supply chains.</p> <p>2. Climate Risks The Company actively identify risks related to climate change, such as floods, droughts, typhoons, power outages, and water shortages. The Company regularly monitors and manages the potential operational impacts and losses caused by extreme weather events. We implement climate adaptation policies and solutions through proactive and targeted measures.</p>
3. Specify the financial impacts of extreme climate events and transition activities.	<p>1. Climate Change Events: Floods, droughts, typhoons, power outages, and water shortages.</p> <p>May impact production capacity, increase operating costs, and lead to revenue decline.</p> <p>Inability to deliver on time or delivery interruptions may result in customer penalties for late shipments.</p> <p>Violations of regulations may lead to fines.</p> <p>Supply chain disruptions could negatively affect production capacity.</p> <p>2. Rising Temperatures</p> <p>Increased electricity consumption leads to higher greenhouse gas emissions, thereby increasing related costs.</p> <p>3. Carbon Emission Controls</p> <p>Higher operating costs: payment of carbon</p>

	<p>taxes may be required if emissions exceed international standards.</p> <p>Higher operating costs: replacement of outdated, energy-intensive equipment may be necessary.</p>
4. Specify how the processes for identifying, assessing, and managing climate-related risks are integrated into the overall risk management framework.	<ol style="list-style-type: none"> 1. In accordance with the TCFD framework, and with reference to international institutional reports, industry-specific analyses, and relevant regulations, the Company has developed a list of climate-related risks and opportunities. Specific climate issues are identified and assessed based on the magnitude of financial or strategic impact and the likelihood of occurrence. The scope and context of these impacts are also considered in conducting materiality assessments for both physical and transition risks, leading to the formulation of appropriate risk management mechanisms. 2. Based on the evaluation results of climate-related risks and opportunities, the Company has established responsive measures and contingency strategies to mitigate the impact of risk events, enhance the Company's climate resilience, and seize climate-related opportunities. 3. Currently, the Company has not implemented a formal climate scenario analysis process. However, it proactively discloses relevant information in alignment with the TCFD framework and formulates corresponding response strategies for the initially identified climate risks. The Company will consider gradually incorporating TCFD scenario analysis into its sustainability development policies in the future, depending on actual circumstances.
5. If scenario analysis is used to assess climate resilience, please specify the scenarios, parameters, assumptions, analytical factors, and major financial impacts applied.	Not applicable.
6. If there is a transition plan to manage climate-related risks, please describe the contents of the plan, as well as the indicators and targets used to identify and manage physical and transition risks.	Not applicable.
7. If internal carbon pricing is used as a planning tool, please explain the basis for determining the price.	Not applicable.
8. If climate-related targets have been set, please specify the covered activities, greenhouse gas emission scopes, target timeline, and annual progress. If carbon offsets or Renewable Energy Certificates	Not applicable.

(RECs) are used to achieve such targets, please disclose the source and amount of offsets or the number of RECs utilized.	
9. Status of greenhouse gas inventory and assurance, and greenhouse gas reduction targets, strategies, and action plans. (Please refer to Sections 1-1 and 1-2 for detailed information.)	Please refer to Sections 1-1 and 1-2 for detailed information.

1-1 The Company's Greenhouse Gas Inventory and Assurance Status in The Most Recent Two Years

1-1-1 Greenhouse Gas Inventory Information

State the greenhouse gas emissions (in metric tons CO₂e), emission intensity (metric tons CO₂e per million NT dollars), and data coverage scope for the most recent two years:

	2023		2024	
	Total emissions (metric tons CO ₂ e)	Emission intensity (metric tons CO ₂ e per million NT dollars)	Total emissions (metric tons CO ₂ e)	Emission intensity (metric tons CO ₂ e per million NT dollars)
(Scope 1)	1,043.9646	0.2840	1,097.3250	0.2597
(Scope 2)	171,330.1757	46.6078	102,054.3603	24.1524
(Scope 3)	3,1473.9008	8.5620	34,382.4832	8.1370
Total	203,848.0411	55.4538	137,534.1685	32.5491

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), energy indirect emissions (Scope 2, i.e., indirect greenhouse gas emissions from the consumption of purchased electricity, heat, or steam), and other indirect emissions (Scope 3, i.e., emissions resulting from company activities that are not Scope 2, but come from sources owned or controlled by other companies).

Note 2: The data coverage for direct emissions and energy indirect emissions shall be conducted in accordance with the schedule specified in Article 10, Paragraph 2 of these guidelines. Disclosure of other indirect emissions data is voluntary.

Note 3: Greenhouse gas inventory standards: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: Greenhouse gas emission intensity may be calculated per unit of product/service or revenue, but data calculated based on revenue (million NT dollars) must be disclosed at minimum.

Note 5: China updated its national power emission factor in December 2024 and additionally introduced provincial-level average power emission factors. According to data quality and emission factor credibility requirements, data with higher accuracy must be used. Therefore, the 2023 greenhouse gas inventory Scope 2 calculation used the national average power emission factor announced by China's Ministry of Ecology and Environment, while the 2024 greenhouse gas inventory uses the updated provincial-level average power emission factors announced in 2024.

1-1-2 Assurance Information on Greenhouse Gas Emissions

Specify the assurance status for the most recent two years as of the annual report printing date, including the scope of assurance, assurance provider, assurance standards, and assurance opinion: Not applicable.

The Company plans to prepare the Sustainability Report for 2025, and the complete assurance information will be disclosed on the Market Observation Post System.

Note 1: According to the timetable specified in Article 10, Paragraph 2 of these Guidelines, if the Company does not obtain the complete greenhouse gas assurance opinion by the annual report printing date, it should state “Complete assurance information will be disclosed in the sustainability report”. If the Company does not prepare a Sustainability Report, it should state “Complete assurance information will be disclosed on the Market Observation Post System”, and disclose the complete assurance information in the next year's annual report.

Note 2: The assurance provider should comply with the relevant requirements set by Taiwan Stock Exchange Corporation and Taipei Exchange Corporation regarding assurance providers for Sustainability Reports.

1-2 Greenhouse Gas Reduction Targets, Strategies, and Concrete Action Plans

Specify the baseline year and its data for greenhouse gas reduction, reduction targets, strategies, concrete action plans, and the achievement status of the reduction targets: Not applicable.

Note 1: The implementation shall follow the timeline prescribed by the directive issued under Paragraph 2, Article 10 of these Guidelines

Note 2: The baseline year should be the year in which the greenhouse gas inventory was completed within the consolidated financial reporting boundary. For example, according to Article 10, Paragraph 2 of these Guidelines, TWSE and TPEX listed companies with paid-in capital less than NT\$5 billion are required to disclose inventory information for subsidiaries in consolidated financial reports starting from 2027, and assurance information starting from 2029. Therefore, the baseline year is 2026. If the company has completed the consolidated inventory earlier, that earlier year may be used as the baseline year. The baseline data may be calculated based on a single year or an average of multiple years.

(VI) Practice of ethical corporate management and the variation with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the reason for the differences:

Evaluation Item	Implementation Status			Variations with the “Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		When signing various contracts with different parties, the Company negotiates reasonable contracts and actively fulfills contract commitments in line with the principle of ethics and mutual benefit. The Company has established relevant systems such as the “Code of Ethical Corporate Management”, “Code of Ethical Conduct” and “Code	

(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		of Work” and publicizes the importance of honest behavior to all employees at any time. The service rules of the “Code of Work” clearly stipulate that employees should develop good habits of “loyalty” and “frugality”. Employees who violate the provisions of this code would be punished according to the severity of the case or legal actions would be brought, and educational training would be conducted.	None
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		The Company has established an effective internal control system, and internal auditors regularly audit the compliance status of the system to ensure the implementation of ethical corporate management.	
2. Fulfill operations integrity policy (1) Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		The Company has established an equal relationship with its customers and outside suppliers. When signing a contract with them, the rights and obligations of both parties are specified in detail in the contract, and a confidentiality clause is also signed.	None
(2) Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?	✓		The president’s office is responsible for the publicity and implementation of the Company’s promotion of ethical corporate management, and relevant members have the obligation to report to the Board of Directors at any time.	None

Evaluation Item	Implementation Status			Variations with the “Ethical Corporate Management Best Practice Principles for TWSE/ TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		For matters related to conflicts of interest, besides the head of the department, employees within the Company can report directly to the President and relevant members of the President’s office.	None
(4) Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent ?	✓		The Company has established an internal audit plan, and the internal audit unit will carry out various audits according to the plan. In case of special circumstances, special audits will be arranged separately.	None
(5) Does the company regularly hold internal and external educational trainings on operational integrity?	✓		The Company regularly and irregularly promotes educational training courses and other matters.	None
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		For violations of the ethical corporate management code, internal employees of the company can not only report to the head of the department directly but can also directly report to the President and relevant members of the President’s office. If it is found that something has certainly happened, depending on the circumstances and the seriousness of the impact, a warning or punishment will be given according to the “Code of Work”.	None
(2) Does the company have any standard operating procedures for the investigation of the reported matters, the follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanism?	✓			
(3) Does the company provide proper whistleblower protection?	✓			
4. Strengthening information disclosure (1) Does the company disclose the content of its ethical management code and the effectiveness of its promotion on its website and public information observatory?	✓		The Company has a company website, which regularly discloses investor-related information such as financial statements, board meetings, and corporate governance.	None
5. If the company has its own code of integrity in accordance with the "Code of Integrity Management of TWSE Listed and TPEX Listed Companies", please describe the differences between its operation and the code: None.				
6. Other important information to facilitate a better understanding of the Company’s corporate conduct and ethics compliance practices (e.g., review the Company’s corporate conduct and ethics policy): None.				

(VII) Any other vital information that helps to understand the pursuit of corporate governance by the Company better:

1. In order to establish internal material information processing standards for corporate governance, the Company has established relevant procedures for material information processing operations. All relevant departments and colleagues of the Company must abide by standard procedures and legal regulations when addressing possible material information and its disclosure.
2. In order to establish a management system for insider trading to avoid improper leakage of information and to ensure the consistency and accuracy of information released by the Company to the public, The Company has established the “Internal Material Information Processing and Prevention of Insider Trading Management Procedures”.

(VIII) Implementation of internal control for disclosure:

1. Declaration of internal control system: Please refer to the Supplementary Provisions.
2. If a CPA is appointed to conduct a special audit on the internal control system, disclose the Auditor’s Report: None.

(IX) Major resolutions of the Regular Shareholders’ Meeting and the Board in 2024 as of the date of this report were printed:

1. Major resolutions of the Regular Shareholders’ Meeting in 2024 as of the date of this report were printed:

Frequency	Date	Major Resolutions
2024 Annual Meeting of Shareholders	27 June 2024	1. 2023 Business Report and Financial Statements. 2. Distribution of 2023 profits. 3. Proposal of cash offering by private placement. 4. A full re-election of directors.

Review the implementation of the regular shareholders' meeting resolutions in 2024:

- (1) Adoption of the 2023 Business Report and Financial Statements
 - (2) Adoption of distribution of 2023 profits and the cash dividends were distributed on 28 August 2024.
 - (3) Adoption of the proposal of cash offering by private placement.
 - (4) The full re-election of directors was completed, and the change of registration was finalized on 30 July 2024.
2. Key resolutions of the Board Meeting in 2024 as of the date of printing of the annual report:

Meeting	Date	Key resolutions
1st Meeting of 2024	31 January 2024	<ol style="list-style-type: none"> 1. Distribution of year-end bonuses to the managerial officers of the Company for 2023. 2. The Company's regular evaluation of the independence of CPAs. 3. Examination of professional fees for the CPAs.
2nd Meeting of 2024	13 March 2024	<ol style="list-style-type: none"> 1. The operating plan of the Company for 2024. 2. 2023 Declaration of Internal Control System. 3. Distribution of employee and director compensation for 2023. 4. 2023 Business Report and Financial Statements. 5. By-election for director position. 6. Release of the prohibition on directors and their representatives from participation in the competitive business. 7. The convening of the 2024 Annual Meeting of Shareholders of the company and relevant matters.
3rd Meeting of 2024	9 May 2024	<ol style="list-style-type: none"> 1. Report on 2024 Q1 Consolidated Financial Statements. 2. The state of implementation of issuance of security through private placement in 2023 3. Proposal of cash offering by private placement. 4. Distribution of 2023 profits. 5. Distribution of director compensation for 2023. 6. Distribution of director remuneration and managerial officers' compensation for 2023 and salary adjustment proposal of managerial officers for 2024. 7. Confirmation of qualifications for director and independent director candidates. 8. Release of the prohibition on directors and their representatives from participation in the competitive business. 9. Relevant matters related to the revision of agenda for the 2024 Annual Meeting of Shareholders of the company. 10. Application for short-term credit financing from financial institutions. 11. Amendment to the "Procedures for Handling Significant Information and Prevention of Insider Trading Management". 12. Amendment to the "Rules of Procedure for Board of Directors Meetings". 13. Amendment to the "Audit Committee Charters". 14. The Company's regular evaluation of the independence of CPAs. 15. Examination of professional fees for the CPAs.
4th Meeting of 2024	27 June 2024	<ol style="list-style-type: none"> 1. Election of Chairman.
5th Meeting of 2024	5 July 2024	<ol style="list-style-type: none"> 1. Proposal of the retirement application of the President and reappointment as Chief Strategy Officer. 2. Proposal of the appointment and dismissal of the President of the Company. 3. Proposal to Release Managerial Officers from non-competition restrictions. 4. Proposal for the appointment of members of the Remuneration Committee. 5. Proposal of the appointment and dismissal of the Head of research and development.

Meeting	Date	Key resolutions
6th Meeting of 2024	8 August 2024	<ol style="list-style-type: none"> 1. Report on the first half of 2024 Consolidated Financial Statements. 2. Proposal to set the record date for capital increase through issuance of common shares in connection with the Company's fourth domestic unsecured convertible bonds. 3. Proposal to apply for mid-term low carbon and intelligent project loan facility. 4. Proposal of the remuneration for the newly-appointed President of the Company. 5. Proposal of the retirement and continued appointment of TSUN-HSIN KO as Chief Strategy Officer and the remuneration.
7th Meeting of 2024	11 November 2024	<ol style="list-style-type: none"> 1. Financial Report for the Consolidated Financial Statements as of the nine-month periods ended as of 30 September 2024. 2. Establishment of the annual audit plan for 2025. 3. Amendment to certain provisions of the Internal Control System – “Management Control Operational Cycle” and “Internal Audit Implementation Rules”. 4. Amendment to certain provisions of “Standard Operating Procedures for Handling Requests from Directors”. 5. Application for short-term credit financing from financial institutions.
1st Meeting of 2025	14 January 2025	<ol style="list-style-type: none"> 1. 2024 year-end bonus for managerial officers. 2. The Company's regular evaluation of the independence of CPAs. 3. Examination of professional fees for the CPAs. 4. Proposal for execution of transfer of treasury shares to employees. 5. Proposal for establishment of the “Procedures for the Preparation and Assurance of the Sustainability Report”.
2nd Meeting of 2025	12 March 2025	<ol style="list-style-type: none"> 1. The operating plan of the Company for 2025. 2. 2024 Declaration of Internal Control System. 3. Distribution of employee and director compensation for 2024. 4. 2024 Business Report and Financial Statements. 5. Amendment to the certain provisions of “Articles of Incorporation”. 6. Distribution of 2024 profits. 7. The convening of the 2025 Annual Meeting of Shareholders of the company and relevant matters.
3rd Meeting of 2025	12 May 2025	<ol style="list-style-type: none"> 1. Report on 2025 Q1 Consolidated Financial Statements. 2. The state of implementation of issuance of security through private placement in 2024. 3. Proposal of cash offering by private placement. 4. Amendment to the convening of the 2025 Annual Meeting of Shareholders of the company and relevant matters. 5. Application for short-term credit financing from financial institutions. 6. Amendment to the Internal Control System – “Payroll Cycle” and “Internal Audit Implementation Rules”. 7. Distribution of director remuneration and managerial officers' compensation for 2024 and salary adjustment proposal of managerial officers for 2025. 8. Distribution of director compensation for 2024.

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

IV. Information on the Professional Fees of CPAs:

Unit: NT thousands

Name of accounting firm	Names of CPAs	Period covered by the CPA audit	Audit fees	Non-Audit fees	Total	Remarks
Ernst & Young Taiwan	CHIN-YUAN TU	1 January 2024 to 31 December 2024	4,385	974	5,359	Non-audit Fees: Tax Compliance Audit of NT\$365 thousand Business Registration of NT\$89 thousand Transfer Pricing of NT\$240 thousand Outsourced Editing Service NT\$ 280 thousand
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1. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None.
2. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None.

V. Information on Replacement of CPAs:

(II) Information regarding the former CPAs: N/A

(III) Information Regarding the Successor CPAs: N/A

(IV) The Reply of Former CPAs: N/A

VI. Where the Company's Chairperson, President, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at The Accounting Firm of Its CPA or at an Affiliated Enterprise of Such Accounting Firm, the Name and Position of the Person, and the Period During Which the Position was Held, Shall be Disclosed: None.

VII. Any Transfer of Equity Interests and/or Pledge of or Change in Equity Interests (During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report) by a Director, Supervisor, Managerial Officer, or Shareholder with a Stake of More than 10 Percent During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report:

(I) Changes in Shareholding of Directors, Supervisors, Managerial Officers, and Shareholders Holding More Than 10% of Shares:

Title	Name	2023		2024		As of 26 April 2025	
		Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)	Shareholding Increase (Decrease)	Pledged Shareholding Increase (Decrease)
Chairman	CHIH-MING WU	0	0	0	0	0	0
Corporate Director	LELON ELECTRONICS CORP.	0	0	0	0	0	0
Representative of Corporate Director	HONG-TE LU	0	0	0	0	0	0
Director	TSUN-HSIN KO	20,030	0	0	0	(20,250)	0
Director	YUNG-CHANG CHU	(250,000)	0	0	0	(350,000)	0
Independent Director	YEN-CHUNG TSOU	0	0	0	0	0	0
Independent Director	YIN-TANG TSENG (Note 1)	0	0	0	0	0	0
Independent Director	JUNG-MENG TSENG (Note 1)	0	0	0	0	0	0
Independent Director	CHENG-MING OU (Note 2)	0	0	0	0	0	0
Independent Director	LI-HUA HUANG (Note 2)	0	0	0	0	0	0
President	TUNG-JUNG LI	15,550	0	0	0	37,750	0
Vice President	CHUN-YING LIU	0	0	0	0	0	0
Senior Manager/ Head of Finance Department	KUO-CHUAN WANG	0	0	0	0	13,000	0
Major Shareholder	GUANGDONG HEC TECHNOLOGY HOLDING CO., LTD.	0	0	0	0	0	0

Note 1: The term of the current board of directors will expire on 27 June 2024. A full re-election of directors will be conducted at the annual general meeting of 2024. Lelon Electronics Corp. has designated HONG-TE LU as its new representative. YIN-TANG TSENG has decided not to seek reappointment due to personal reasons.

Note 2: CHENG-MING OU has tendered his resignation as a director on March 14 2023, due to personal reasons. His term was set to expire on 29 June 2023, and a by-election is planned to be held during the shareholder's meeting on June 30 2023 to fill the vacancy. LI HUA HUANG has served as the Independent Director.

(II) Information on Transfer of Shareholding:

In the most recent fiscal year and up to the date this report was printed, the counterparties to share transfers involving directors, supervisors, managers, or shareholders with a shareholding of more than 10% were related parties, as follows:

Unit: Shares/NT\$

Name	Reason for Transfer of Shareholding	Date	Trading Counterpart	Relationship with transaction counterparties and the company, directors, supervisors with a shareholding ratio of more than 10%	Shares	Transaction price
YUNG-CHANG CHU	Gift	13 January 2025	RONG-LIN WANG	Couple	350,000	39.00
TSUN-HSIN KO	Gift	10 February 2025	CHENG-HSIANG KO	Father and son	65,000	36.25

Note: The above information does not include the transfer of allotments from trust accounts.

(III) Information on Pledges of Shareholding:

In the previous period to the date this report was printed, no directors, supervisors, managers, or shareholders with a shareholding ratio of more than 10% of the pledge of shares were related to the affiliates

VIII. Relationship Information, if among the Company's 10 Largest Shareholders any one is a Related Party or a Relative within the Second Degree of Kinship of Another

Unit: Shares; % 26 April 2025

Name (Note 1)	No. of shares currently held		Shares currently held by spouse and minor children		Shares held through nominees		10 largest shareholders with which the person has a relationship of spouse or relative within the second degree		Remarks
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
LELON ELECTRONICS CORP.	43,731,598	29.04	0	0.00	0	0.00	CHYI FA CO., LTD.	Top 10 shareholder	
GUANGDONG HEC TECHNOLOGY HOLDING CO., LTD.	23,296,875	15.47	0	0.00	0	0.00	None	None	
CHYI FA CO., LTD.	3,572,881	2.37					LELON ELECTRONICS	Top 10 shareholder	
KUO-CHING CHENG	3,517,000	2.34	3,255,000	2.16	0	0.00	HSIU-MEI LIN	Spouse	
HSIU-MEI LIN	3,255,000	2.16	3,517,000	2.34	0	0.00	KUO-CHING CHENG	Spouse	
JEN-MING WU	2,009,510	1.33	0	0.00	0	0.00	CHUNG-MING WU	Relative within the second degree	
CHIN-FU TSENG	1,899,000	1.26	0	0.00	0	0.00	None	None	

CHUNG-MING WU	1,754,368	1.17	0	0.00	0	0.00	WU JEN-MING	Relative within the second degree	
HSIEN-MING SHIH	1,237,127	0.82	0	0.00	0	0.00	None	None	
TAI-KUO TSAI	1,077,515	0.72	0	0.00	0	0.00	None	None	

IX. The Total Number of Shares and Total Equity Stake Held in any Single Enterprise by the Company, its Directors and Supervisors, Managerial Officers, and any Companies Controlled Either Directly or Indirectly by the Company

Unit: shares; %

Investee enterprise (Note)	Investment by the Company		Investment by the Directors, Supervisors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total investment	
	Shares	%	Shares	%	Shares	%
LITON (BVI) CO., LTD.	4,208,862	100.00	0	0.00	4,208,862	100.00
V-TECH CO., LTD.	43,647,362	100.00	0	0.00	43,647,362	100.00
FOREVER CO., LTD.	0	0.00	38,353,012	100.00	38,353,012	100.00
EVERTECH CAPA CO., LTD.	10,000	100.00	0	0.00	10,000	100.00
LITON ELECTRONICS TECHNOLOGY (HUI ZHOU) CO., LTD.	0	0.00	12,500,000	100.00	12,500,000	100.00
LITON ELECTRONICS TECHNOLOGY (ABAZHOU) CO., LTD.	0	0.00	42,600,000	100.00	42,600,000	100.00
LIDON ELECTRONICS TECHNOLOGY CO., LTD	64,000,000	40.00	32,000,000	20.00	96,000,000	60.00

Note: Investment accounted for under the equity method.

Chapter III. Status of Fundraising

I. Capital and Shares:

(I) Source of Capital

Unit: Share; NT\$

Month Year	Par Value	Authorized capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of capital	Capital Increased by Assets Other than Cash	Other
December 1999	25 10 10	34,900,000	349,000,000	19,991,000	199,910,000	① Raising capital of NT\$22,500,000 in cash ② Capitalization of additional paid-in capital amounting to NT\$15,000,000 ③ Capitalization of retained earnings amounting to NT\$12,410,000	None	Note 1
August 2000	32 10	34,900,000	349,000,000	28,500,000	285,000,000	① Raising capital of NT\$23,497,000 in cash ② Capitalization of retained earnings and employee bonus amounting to NT\$61,593,000	None	Note 2
August 2001	10	60,000,000	600,000,000	37,281,000	372,810,000	Capitalization of retained earnings and employee bonus amounting to NT\$87,810,000	None	Note 3
December 2001	18.5	60,000,000	600,000,000	39,781,000	397,810,000	Raising capital of NT\$25,000,000 in cash	None	Note 4
September 2002	10	78,000,000	780,000,000	47,028,000	470,280,000	① Capitalization of additional paid-In capital amounting to NT\$39,781,000 ② Capitalization of retained earnings and employee bonus amounting to NT\$32,689,000	None	Note 5
September 2003	10	208,000,000	2,080,000,000	58,155,000	581,550,000	① Capitalization of additional paid-in capital NT\$47,028,000 ② Capitalization of retained earnings and employee bonus amounting to NT\$64,242,000	None	Note 6
February 2004	10	208,000,000	2,080,000,000	87,250,000	872,502,380	Capitalization through merger amounting to NT\$290,952,380	None	Note 7
October 2004	10	208,000,000	2,080,000,000	94,418,907	944,189,070	Capitalization of retained earnings and employee bonus amounting to NT\$71,686,690	None	Note 8
January 2009	10	208,000,000	2,080,000,000	93,678,907	936,789,070	Cancellation of treasury shares amounting to NT\$7,400,000	None	Note 9
August 2011	10	208,000,000	2,080,000,000	108,078,907	1,080,789,070	Raising capital of NT\$144,000,000 in cash	None	Note 10

November 2011	10	208,000,000	2,080,000,000	108,088,340	1,080,883,400	Conversion of corporate bonds amounting to NT\$94,330	None	Note 11
September 2012	10	208,000,000	2,080,000,000	114,573,641	1,145,736,410	Capitalization of retained earnings amounting to NT\$64,853,010	None	Note 12
August 2015	16	208,000,000	2,080,000,000	137,870,516	1,378,705,160	Raising capital of NT\$372,750,000 in cash	None	Note 13
September 2019	10	208,000,000	2,080,000,000	136,363,516	1,363,635,160	Cancellation of treasury shares of NT\$15,070,000	None	Note 14
July 2010	10	360,000,000	3,600,000,000	136,363,516	1,363,635,160	Amendment to authorized share capital.	None	Note 15
June 2021	10	360,000,000	3,600,000,000	140,304,855	1,403,048,550	Conversion of corporate bonds amounting to NT\$39,413,390	None	Note 16
September 2021	10	360,000,000	3,600,000,000	142,070,359	1,420,703,590	Conversion of corporate bonds amounting to NT\$17,655,040	None	Note 17
December 2021	10	360,000,000	3,600,000,000	143,004,820	1,430,048,200	Conversion of corporate bonds amounting to NT\$9,344,610	None	Note 18
February 2022	10	360,000,000	3,600,000,000	143,082,284	1,430,822,840	Conversion of corporate bonds amounting to NT\$774,640	None	Note 19
April 2022	10	360,000,000	3,600,000,000	143,219,606	1,432,196,060	Conversion of corporate bonds amounting to NT\$137,322	None	Note 20
September 2024	10	360,000,000	3,600,000,000	150,571,812	1,505,718,120	Conversion of corporate bonds amounting to NT\$73,522	None	Note 21

Note 1: Approval became effective through Letter (088) No. 143332 dated 2 December 1999.

Note 2: Approval through Letter (89) Tai-Tsai-Cheng No. 31379 and Letter (89) No. 130614 dated 25 April 2000 and 31 August 2000, respectively.

Note 3: Approval through Letter (090) No. 139161 dated 19 June 2001.

Note 4: Approval through Letter No. 1355270 dated 5 September 2001.

Note 5: Approval through Letter (090) No. 1390210 dated 26 September 2002.

Note 6: Approval through Letter Shou-Shang No. 09201264130 dated 4 September 2003.

Note 7: Approval through Letter (92) Tai-Tsai-Cheng-(Yi) No. 0920146646 dated 9 October 2003.

Note 8: Approval through Letter Shou-Shang No. 09301201460 dated 21 October 2004.

Note 9: Approval through Letter Shou-Shang No. 09801016500 dated 23 January 2009.

Note 10: Approval through Letter Shou-Shang No. 10001194480 dated 19 August 2011.

Note 11: Approval through Letter Shou-Shang No. 10001258890 dated 11 November 2011.

Note 12: Approval through Letter Shou-Shang No. 10101181950 dated 5 September 2012.

Note 13: Approval through Letter Shou-Shang No. 10401159950 dated 3 August 2015.

Note 14: Approval through Letter Shou-Shang No. 10801122080 dated 3 September 2019.

Note 15: Approval through Letter Shou-Shang No. 10901124600 dated 28 July 2020.

Note 16: Approval through Letter Shou-Shang No. 11001092010 dated 9 June 2021.

Note 17: Approval through Letter Shou-Shang No. 11001165090 dated 9 September 2021.

Note 18: Approval through Letter Shou-Shang No. 11001217750 dated 2 December 2021.

Note 19: Approval through Letter Shou-Shang No. 11101018520 dated 22 February 2022.

Note 20: Approval through Letter Shou-Shang No. 11101087440 dated 27 May 2022.

Note 21: Approval through Letter Shou-Shang No. 11330156800 dated 23 September 2024

Type of share	Authorized Capital			Remarks
	Shares Outstanding	Unissued Share	Total Shares	
Common Share	150,571,812	209,428,188	360,000,000	Of which 7,000,000 shares amounting to NT\$70,000,000 were reserved for the conversion of subscription warrants, preference shares featured subscription warrants, or corporate bonds featured subscription rights.

Information for shelf registration: N/A.

(II) List of Major Shareholders:

List of shareholders holding 5% or more of the company's total outstanding shares or ranking among the top 10 shareholders by shareholding ratio

Unit: Shares; 26 April 2025

Shareholder's Name	Shareholding	Shares	Percentage
LELON ELECTRONICS CORP.		43,731,598	29.04%
GUANGDONG HEC TECHNOLOGY HOLDING CO., LTD.		23,296,875	15.47%
CHYI FA CO., LTD.		3,572,881	2.37%
KUO-CHING CHENG		3,517,000	2.34%
HSIU-MEI LIN		3,255,000	2.16%
JEN-MING WU		2,009,510	1.33%
CHIN-FU TSENG		1,899,000	1.26%
CHUNG-MING WU		1,754,368	1.17%
HSIEN-MING SHIH		1,237,127	0.82%
TAI-KUO TSAI		1,077,515	0.72%

(III) Dividend policy and implementation status of the Company:

1. Dividend Policy as set out in the Articles of Incorporation

The Company shall first make up for the accumulated losses (including the adjustment of the amount of undistributed earnings) in the settlement of the annual account if there is a net profit after tax for the period, and then appropriate 10% as legal reserve. Except when the accumulated legal reserve has reached the Company's total paid-in capital. Subsequently, the special reserve shall be appropriated or reversed in accordance with the provisions of the Act or the competent authority. For the remaining earnings, the Board of Directors shall prepare a proposal for the distribution of earnings to Shareholders for resolution at the Shareholders' Meeting, together with the undistributed earnings at the beginning of the period (including adjustments to the amount of undistributed earnings).

The Company's business life cycle is at the "growth phase". Based on the need for capital expenditure and sound financial planning for sustainable development, the principle of dividend distribution is to appropriate more than 50% of the remaining distributable earnings.

The Company pays both stock dividends and cash dividends. The distribution rate of cash dividends shall not be less than 10% of the total amount of dividends distributed to shareholders in the year. In the event that the cash dividend per share is less than \$0.50, the Board of Directors will be authorized to prepare a motion for payment in the form of a cash dividend or a stock dividend upon resolution of the Shareholders' Meeting.

2. The proposed distribution of dividends at the Shareholders' Meeting.

The proposed distribution of the earnings of the Company at the Shareholders' Meeting held on 24 June 2025 was resolved as follows:

Unit: NT\$

Item	Amount
Accumulated retained earnings at beginning of period	\$689,590,667
Defined benefit plan actuarial gains	(1,362,396)
Add: Net income after tax for the period	469,249,277
Earnings available for distribution	1,157,477,548
Less: Appropriate 10% for legal reserve	(46,788,688)
Add: Reversal of special reserve	102,245,527
Less: Bonus to Shareholders – cash dividends (distribution of \$1.75 per share)	(262,013,171)
Accumulated undistributed earnings at the end of the period	950,921,216
Notes: 1. The amount of the distribution of the earnings is prioritized over the 2024 earnings. 2. The calculation of distribution per share is based on the number of 149,721,812 shares outstanding (including the deduction of 850,000 shares from the seventh buyback of treasury stock).	

- (1) A cash dividend of \$1.75 per share will be distributed to shareholders and, following the approval of the resolution at the Shareholders' Meeting, it is intended that the Chairman will be authorized to determine the basis of dividend distribution and the date of payment, etc.
- (2) In the event of any subsequent changes to the dividend distribution rate as a result of changes in the Company's share capital affecting the number of outstanding shares, it is intended that the Shareholders' Meeting will authorize the Chairman to exercise his full authority to address such changes.
- (3) The cash dividends are calculated on a proportional basis up to NT\$ and rounded down to the nearest NT\$, with the total amount of deficiencies of less than NT\$1 being adjusted by decimal places from largest to smallest and by account number from top to bottom to match the total amount of cash dividends distributed.

3. Description of expected material change in dividend policy: None.

(IV) Impact of the proposed stock dividend distribution at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable.

(V) Remuneration to employees, Directors and Supervisors.

1. The proportion or scope of remuneration to employees, Directors and supervisors as set out in the Articles of Incorporation:

According to Article 19 of the Articles of Incorporation, “ In the event that the Company makes a profit for the year (by profit is meant the net profit before taxation and before the distribution of remuneration to employees and Directors), not less than 2.5% shall be appropriated as remuneration to employees and not more than 2.5% as remuneration to Directors. However, if the Company has accumulated losses (including adjustments to undistributed earnings), the amount to be covered shall be reserved in advance”.

2. The basis for estimating the amount of remuneration to employees and Directors for the period, the basis for calculating the number of shares for employee remuneration distributed in shares and the accounting treatment when the actual amount distributed differs from the estimated amount:

(1) The basis for estimating the amount of remuneration to employees and Directors for the period is as follows:

In accordance with Article 19 of the Company’s Articles of Incorporation, “[i]n the event that the Company makes a profit for the year (by profit is meant the net profit before taxation and before the distribution of remuneration to employees and Directors), not less than 2.5% shall be appropriated as remuneration to employees and not more than 2.5% as remuneration to Directors. However, if the Company has accumulated losses (including adjustments to undistributed earnings), the amount to be covered shall be reserved in advance”.

(2) Basis for calculating the number of shares for distribution of share bonuses: The Company has not estimated the distribution of share bonuses in 2024.

(3) Accounting treatment for differences between the actual amount distributed and the estimated amount: It will be included as an expense in the year of distribution.

3. The approval by the Board of Directors of the distribution of remuneration:

(1) Amount of remuneration to employees and Directors distributed in cash or shares:
The amount of remuneration to employees and Directors has been approved by the Board of Directors on 12 March 2025

Unit: NT\$

Item	Amount
Employee Remuneration – in stock	\$0
Employee Remuneration – in cash (3.01%)	16,890,000
Directors’ Remuneration (1.05%)	5,910,000
Total	\$22,800,000

(2) Differences between the annual estimates of remuneration to employees, Directors and recognized expenses, the reasons for the differences and the treatment of the differences:

The remuneration to employees and Directors of the Company is estimated on the basis of past experience of actual payments and by reference to current net profit and in accordance with the rates as set out in the Articles of Incorporation. The total amount of remuneration proposed for employees and Directors is NT\$22,800,000, which is not different from the balance of the 2024 accounts.

4. Actual distribution of remuneration to employees, Directors, and Supervisors in the previous year (Including the number of shares, amounts, and share prices distributed; any discrepancies between the recognized remuneration and the actual distribution shall be explained along with the reasons and handling of such discrepancies):

The actual distribution included NT\$9,068,706 in employee cash compensation and NT\$3,700,000 in directors' remuneration. There was no material difference between these amounts and the figures recognized as expenses in the 2023 (Year 112) financial statements.

(VI) Share Repurchases by the Company:

1. Buy-back of the Company's shares (Repurchases Already Completed)

Treasury stocks: Batch Order	7 th
Purpose of repurchase	Transferred to employees
Repurchase period	16 November 2022 to 6 January 2023
Repurchase price range	NT\$29.10 to NT\$33.80
Types and numbers of shares bought back	1,300,000 common shares
Amount of shares bought back	NT\$41,808,445
Ratio of the number of shares already repurchased to the number of shares intended to be repurchased (%)	52%
The number of repurchased shares that have been cancelled or transferred	450,000 shares
Accumulated number of the Company's shares held by the Company	850,000 shares
Ratio of the accumulated number of the Company's shares held by the Company to the total number of issued shares (%)	0.56%

2. Share Repurchases by the Company (Repurchases Still in Progress): None.

II. Corporate Bonds:

1. Information on corporate bonds:

Not applicable.

The redemption and conversion of the Company's 4th issuance of unsecured corporate bonds, which matured on 15 July 2024, have been completed.

2. Information on convertible bonds:

Not applicable.

The redemption and conversion of the Company's 4th issuance of unsecured corporate bonds, which matured on 15 July 2024, have been completed.

3. Information on exchangeable corporate bonds:

None.

4. Summary of Corporate Bond Issuance Filings:

None.

5. Information on Warrant-Linked Corporate Bonds:

None.

III. Preferred Shares: None.

IV. Global Depositary Receipts: None.

V. Employee Share Subscription Warrants: None.

VI. Issuance of New Restricted Employee Shares: None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies:

(1) New issues of shares by merger or acquisition of shares in other companies completed in the latest year and up to the date of printing of the Annual Report: None.

(2) Information on the implementation of the Board's resolution to issue new shares by way of merger or acquisition of shares in other companies and basic information on the merged or transferred companies for the most recent year and up to the date of printing of the Annual Report: None.

VIII. Implementation of the Company's Capital Allocation Plans

(1) Plan content: No issues outstanding or completed within the last three years where the benefits of the plan have not been realized.

(2) Implementation: N/A.

Chapter IV. Operation Overview

I. Business Content

(I) Business Scope

1. Major Business Content of the Company

- (1) Manufacturing of electronic components
- (2) Manufacturing of electrical and audio-visual electronic products
- (3) Machinery and equipment manufacturing
- (4) Other electrical and electronic machinery and equipment manufacturing
- (5) Surface treatment industry
- (6) Wholesale business of electronic materials.
- (7) Wholesale of electrical appliances
- (8) Wholesale of machinery
- (9) Wholesale of electrical appliances
- (10) Retail business of electronic materials.
- (11) Retail sale of electrical appliances
- (12) Retail sale of machinery and equipment
- (13) Others

2. Revenue Distribution

Unit: NT\$ thousands; %

Product \ Year	2024	
	Revenue	Proportion (%)
Forming aluminum foil	2,711,268	64.17
Etched aluminum foils	1,456,447	34.47
Aluminum foils processing	57,717	1.36
Total	4,225,432	100.00

3. Current Product (Service) of the Company

- (1) Forming aluminum foil
- (2) Etched aluminum foils
- (3) Aluminum foils processing

4. New Product (Service) Development Planning

- (1) Cathode foil material
- (2) New specification etched aluminum foil

(II) Industry Outlook and Prospect

1. Current status and development of the industry

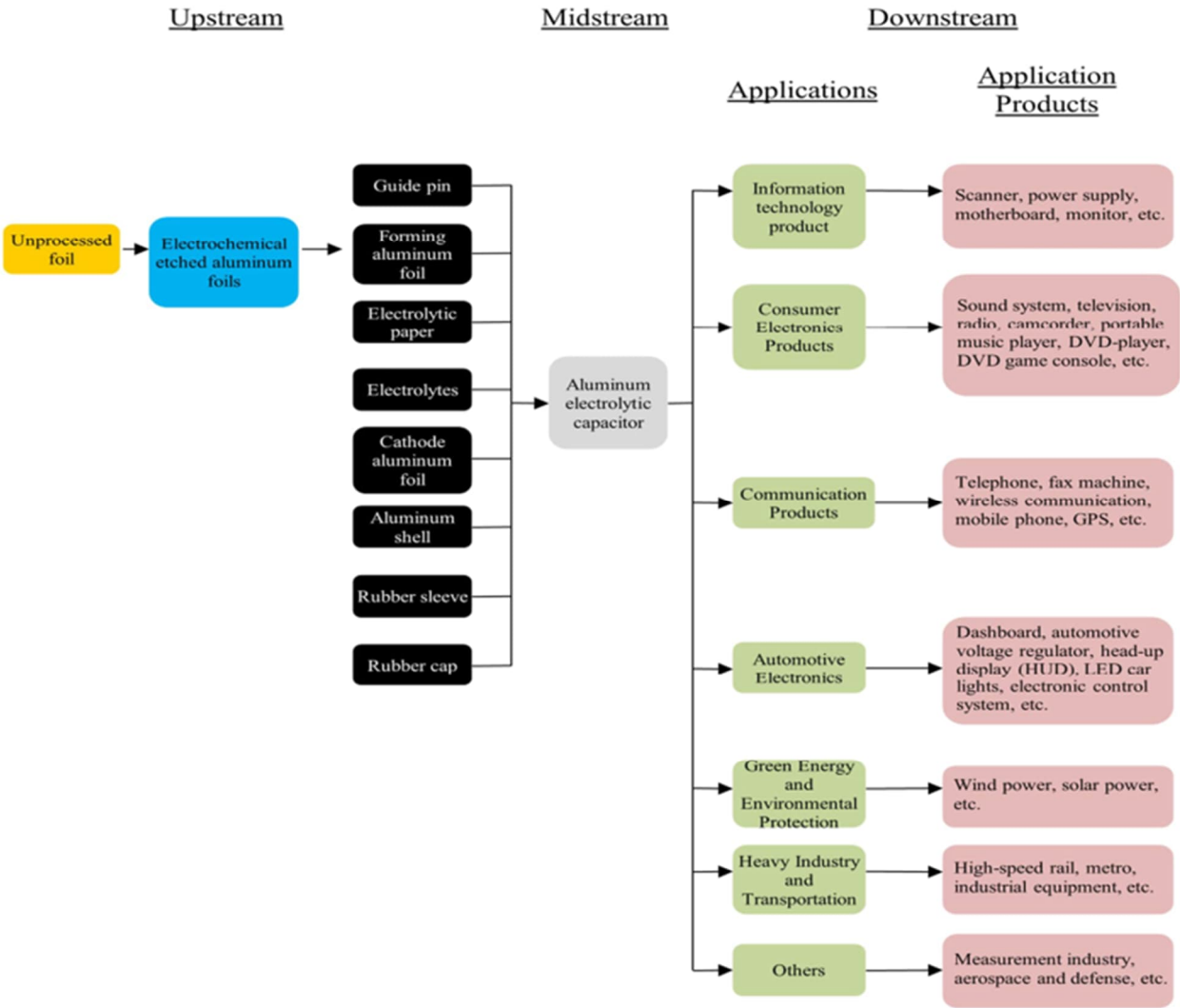
The most widely used passive components in any electronic circuit are resistors, capacitors and inductors, which are collectively called the three major passive components. The annual output value of passive components varies very little. According to statistics from Reed Electronics Research, capacitors have the highest output value of world passive components, followed by inductors and resistors.

The main function of capacitors is to store electric energy and release electric energy within a predetermined time, which is used in bypass, filtering, tuning, etc. Based on the material used, it can be subdivided into laminated ceramics capacitors, Aluminum electrolysis capacitors, plastic film capacitors, Tantalum capacitors, etc. In the overall capacitor market, aluminum electrolysis capacitors and laminated ceramics capacitors have the largest market output value.

The Company's main product is forming aluminum foil , which is the main raw materials of aluminum electrolysis capacitors and cannot be used in other products. Therefore, the market demand of aluminum electrolysis capacitors directly affects the operation of the Company. It can be said that the aluminum foil industry and aluminum electrolysis capacitors are interdependent and mutualistic.

2.The association between the upstream, midstream, and downstream industries

LITON TECHNOLOGY CORP. is mainly engaged in the production and sales of etched aluminum foils and forming aluminum foil. Its upstream industry is the supplier of aluminum foil, etched aluminum foils and chemical substances. The downstream industry is aluminum electrolysis capacitors and their application on information products, communication products and consumer electronics products. etc., and the association of the industry is listed as follows:



3. Various Product Development Trends

(1) Production Base Globalization

As the production technology of passive component products becomes more mature, the competition among manufacturers gradually turns to price competition, therefore, the reduction of production cost becomes the key factor for its profit. As domestic wages and prices have increased year by year, and the countries of BRIC, including China, rely on their abundant human resources, they have attracted global electronics manufacturers to set up production bases in China, Southeast Asia, India and Brazil, which have become a trend for passive component manufacturers in recent years. In order to serve customers nearby and expand the global market, the upstream raw material and key component manufacturers have also set up production bases in the BRIC countries to cope with the trend of downstream industries relocation.

- (2) Vertical integration strategy of downstream manufacturers, as competition becomes increasingly fierce Electrochemical etching/ forming aluminum foil is the key material for aluminum electrolysis capacitors, accounting for about 30%~70% of the total cost of raw materials. Under the increasingly fierce competition among capacitor manufacturers, controlling the source of raw materials and reducing the cost of raw materials are the key factors for capacitor manufacturers to gain profits. In this regard, many domestic aluminum electrolysis capacitor manufacturers have adopted upstream vertical integration strategies, which expedites professional manufacturers of etched aluminum foils and forming aluminum foil to face fierce competition. Since the main material for the manufacture of forming aluminum foil is etched aluminum foils, so far only a few domestic manufacturers have produced the material. Moreover, the technical level is not high, and they still rely on imports from Japan. Therefore, for sustainable operation, the forming aluminum foil industry must focus on self-produced etched aluminum foils as the direction for development in order to reduce costs and serve as the driving force for industrial and technological upgrades.

4. Competition

Domestic forming aluminum foil manufacturers can be divided into two types, which are professional forming aluminum foil manufacturers and vertically integrated forming aluminum foil manufacturers: Professional forming aluminum foil manufacturers are mainly forming foil manufacturers invested by domestic electrolytic aluminum capacitor manufacturers, for example, LELON ELECTRONICS' direct investment in LITON TECHNOLOGY, SHIH-SIN's direct investment in LUXON TECHNOLOGY CORPORATION, etc. In addition to supplying the forming foil required by the parent company, this type of manufacturer also supplies other domestic manufacturers. The types of vertically integrated forming aluminum foil manufacturers can be further divided into backward integration and downward integration, for instance, TEAPO ELECTRONIC CORPORATION and KAIMEI ELECTRONIC CORP. are manufacturers specialized in aluminum electrolytic capacitors who has done backward integration to produce forming foil for their own use.

(III) Technology and R&D Overview

1. Technological Level

The Company's main products are low, medium and high-pressure forming aluminum foil. The production technology was imported from Japan in the early stage of operation. With the continuous R&D and process improvement of the Company's own technical team and the cooperation with the Department of Materials of the Industrial Technology Research Institute, it promotes the essence of technology to implement fully independence domestically. Through professional technology, the Company produces products with various specifications under its private label, which are well-recognized by well-known aluminum electrolysis capacitor manufacturers domestically and abroad. The grade and characteristics are comparable to Japan, and the products have reached the whole world.

2. Research Development

Since the establishment of the Company in 1993, it has been committed to the field of professional forming aluminum foil. In addition to signing a technical cooperation plan with the Department of Materials, Industrial Technology Research Institute, it also conducts process research and development through technical cooperation. The Company also fully established a computerized quality control and automatic monitoring system, and at the same time, focused on the development of forming aluminum foil technology, including Low E.S.R characteristics, high dynamometer specifications, chip (CHIP TYPE) miniaturization applicability, and long product lifetime requirements, etc., to actively integrate toward upstream. Although the Company did not set up a specialized R&D department when it was established, there were dedicated staff specializing in improving the forming aluminum foil process, new product development and testing, computerized quality control and testing system development, and quality control and testing of forming aluminum foil products. In 2003, a technical research center was established in order to continuously improve product quality and production technology and develop high value-added products.

3. R&D Staff and Their Education and Experience

Year Education	2022	2023	2024	As of March 31 2025
Master or above	1	1	2	2
College/University	4	4	3	3
Below senior high school	0	0	0	0
Total	5	5	5	5

4. R&D Expenses Invested in the Last Five Years

Unit: NT\$ thousands; %

Year Item	2020	2021	2022	2023	2024
R&D Expense	63,021	88,856	89,178	122,039	147,966
Net Revenue	3,264,902	4,188,347	3,844,247	3,676,095	4,225,432
Ratio of R&D Expense to Revenue	1.93%	2.12%	2.32%	3.32%	3.50%

5. Successfully Developed Technology or Products in the Last Five Years

(1) Process Improvement

- A. Eco-friendly heat treatment system.
- B. Systematization of the whole process control parameters.
- C. Optimizing the chemical formation process to reduce the cost of liquid medicine.
- D. Low voltage 130Vf or above optimizing the chemical foil LC improvement process.
- E. Low-pressure formation process with energy efficiency.
- F. Development of aluminum foil degradation testing solution

(2) Localization of Equipment

- A. High-speed forming line.
- B. Completed the conversion of the high-pressure formation production line to low-voltage formation production line.
- C. LIDON ELECTRONICS completed the production technology undertaking of the low-voltage electrolysis production line.
- D. LIDON ELECTRONICS completed the localization of low-voltage electrolysis production line.

(3) Product/Technology with New Specification

- A. Computerized quality control test system.
- B. High-strength forming aluminum foil.
- C. High-strength etched aluminum foils.
- D. High dynamometer etched aluminum foils.

(4) Patent

Factory/ Company	Name of Patent	Applicat ion Location	Patent Number	Publication Date
Hui zhou Factory	Utility model patent certificate-Preparation method of highly acid-resistant formed foil	China	2021116640703	2022.04.29
Hui zhou Factory	Utility model patent certificate-High water resistance low pressure formed foil and its forming method and application use	China	2021113897918	2022.02.01
Hui zhou Factory	Utility model patent certificate- optimizing the chemical foil conveying device	China	2022234645194	2023.05.05
Hui zhou Factory	Utility model patent certificate- Capacitor aluminum foil forming device	China	2022234344286	2023.07.21
Hui zhou Factory	Utility model patent certificate- Capacitor aluminum foil annealing equipment	China	2022233979111	2023.08.11
Hui zhou Factory	Utility model patent certificate- Blocking current feeder and aluminum foil forming system	China	2022233572919	2023.05.19
Hui zhou Factory	Utility model patent certificate- Low-pressure formation aluminum foil preparation system	China	202323000883X	2024.06.25
Hui zhou Factory	Utility model patent certificate- Formation tank and formation system	China	2023229635197	2024.06.25
Hui zhou Factory	Utility model patent certificate- Foil rape dryer	China	2023229635182	2024.05.07
Hui zhou Factory	Utility model patent certificate- Aluminum foil formation system with power feed	China	2023229686019	2024.05.17
Hui zhou Factory	Utility model patent certificate- High volumetric capacity low-pressure formation foil preparation method and system	China	2023115630313	2024.02.09
Hui zhou Factory	Utility model patent certificate- Preparation method and system of aluminum foil for multilayer capacitors	China	2023115695021	2024.03.01
A ba zhou Factory	Utility model patent certificate-Squirrel-cage electrifying large-shaft copper for electrifying in formation process for preparing aluminum foil	China	2020223542458	2021.03.30

Factory/ Company	Name of Patent	Applicat ion Location	Patent Number	Publication Date
A ba zhou Factory	Utility model patent certificate-Liquid medicine feeding device for aluminum foil production process	China	202022311125X	2021.05.25
A ba zhou Factory	Utility model patent certificate-Device for adjusting phosphoric acid treatment time of aluminum foil	China	2020223111245	2021.05.25
A ba zhou Factory	Utility model patent certificate-Pneumatic valve for PID regulation and control of intelligent gauge outfit	China	2020223575945	2021.05.25
A ba zhou Factory	Utility model patent certificate-Roller for aluminum foil preparation	China	2020223093374	2021.05.28
A ba zhou Factory	Utility model patent certificate-Convenient and flexible formed foil winding device for capacitor	China	2021206293618	2021.10.29
A ba zhou Factory	Utility model patent certificate-Efficient environment-friendly aluminum foil spraying and cleaning device	China	2021207022257	2021.12.03
A ba zhou Factory	Utility model patent certificate-Rapid charging type capacitor formation aluminum foil production device	China	2021206293497	2022.01.11
A ba zhou Factory	Utility model patent certificate-Novel aluminum foil corrosion device based on continuous stable point chemical reaction	China	2021207022242	2021.12.21
A ba zhou Factory	Utility model patent certificate-Formed aluminum foil production device for polymer solid aluminum electrolytic capacitor	China	2021207026559	2021.12.21
A ba zhou Factory	Utility model patent certificate-Novel aluminum foil production feeding device for electrochemical reaction	China	2021207026845	2022.01.28
A ba zhou Factory	Utility model patent certificate-Temperature-controlled processing box with function of detecting pH value	China	2023210246341	2023.09.26
A ba zhou Factory	Utility model patent certificate-Finished product winding automatic deflection adjustment mechanism	China	2023203238800	2023.09.26
A ba zhou Factory	Utility model patent certificate-Spray device for aluminum foil formation	China	2023201254688	2023.11.24
A ba zhou Factory	Utility model patent certificate-aluminum foil waste recycling device that facilitates discharging	China	2023210246159	2023.11.28
A ba zhou Factory	Utility model patent certificate- Conductivity testing device and method for formed aluminum foil	China	2023115758660	2024.02.27
A ba zhou Factory	Utility model patent certificate- Device for manufacturing electrode foil for aluminum electrolytic capacitors	China	2023224090184	2024.04.09
A ba zhou Factory	Utility model patent certificate- High-efficiency drying device for formed aluminum foil production	China	2023224090574	2024.04.09
A ba zhou Factory	Utility model patent certificate-Formation equipment for solid-state capacitors	China	2023224090593	2024.04.19
A ba zhou Factory	Utility model patent certificate- Electrode Foil Formation Apparatus and Structure of Its Formation Tank	China	2023224090220	2024.05.24
A ba zhou Factory	Utility model patent certificate- Water-saving crystal cleaning device	China	2023225508667	2024.05.24
A ba zhou Factory	Utility model patent certificate- Foil unwinder for aluminum foil etching production line	China	2023225508690	2024.06.14
A ba zhou Factory	Utility model patent certificate- Electrochemical etching device for aluminum foil	China	2023225508686	2024.06.21
A ba zhou Factory	Utility model patent certificate- Etching electrolytic cell for aluminum foil	China	2023225508741	2024.06.21

Factory/ Company	Name of Patent	Applicat ion Location	Patent Number	Publication Date
Lidon	Utility model patent certificate-Multi- stage multi-time pitting method for middle high voltage anode foil	China	2016103642131	2018.11.30
Lidon	Utility model patent certificate- Pore shape control method for secondary pore widening of high-voltage anode foil	China	2016103648852	2019.02.22
Lidon	Utility model patent certificate- Method of second stage hole arrangement on low- voltage anode aluminum foil	China	2017104866863	2019.01.11
Lidon	Utility model patent certificate- Preparation method for medium- and high-voltage anode foil	China	201710320791X	2019.01.11
Lidon	Utility model patent certificate- Method and device for improving wave edge of low- pressure anode foil	China	2018111163015	2018.12.28
Lidon	Utility model patent certificate- Method for low-voltage soft-state corrosion of aluminum foil	China	2019113835736	2021.12.21
Lidon	Utility model patent certificate- Method for improving the brittleness of low-voltage anode foil and the resulting low-voltage anode foil	China	2021104965013	2022.06.17
Lidon	Utility model patent certificate- Low- voltage soft-state corrosion anode aluminum foil as well as preparation method and application thereof	China	2021107910807	2022.04.22
Lidon	Utility model patent certificate- Low-pressure etched foil and its preparation method and applications	China	2021115566661	2022.04.01
Lidon	Utility model patent certificate- Method for cleaning residual chloride ions in aluminum foil and application of method	China	2021116798153	2022.04.29
Lidon	Utility model patent certificate- Hole expansion etching methods and applications of low-voltage hard etched foils use	China	2022111445094	2023.01.03
Lidon	(Lidon) Utility model patent certificate-Optical foil grain control method and anode for electrolytic capacitor preparation method of pole foil	China	2022115312725	2023.03.03
Lidon	(Lidon) Utility model patent certificate- Manufacture of low voltage formed foil for solid aluminum electrolytic capacitors Preparation method	China	2022116199999	2023.03.28
Lidon	Utility model patent certificate- Method for detecting corrosion layer defects of low voltage electrode foil	China	2023109154964	2023.10.27
Lidon	Utility model patent certificate- Low-pressure electrode foil and its preparation method and applications	China	2023118198957	2024.03.29
Lidon	Utility model patent certificate- Low-pressure electrode foil and its preparation method and applications	China	2024111930031	2024.11.15

(IV) Long and Short-Term Business Development Plan

(1) Long-term Development Plan:

- A. Actively engaged in the R&D of upstream capacitor material formulation technology and manufacturing process to achieve product diversification in order to

increase existing marketing channels.

- B. Strategic alliance with international major manufacturers to increase business stability as preparation for expanding production capacity and reducing production costs to become a major international capacitor aluminum foil manufacturer.

(2) Short-term Development Plan

- A. Actively improve product quality and develop forming aluminum foil with low impedance, long lifetime, high voltage and high capacitance.
- B. Actively strive for getting the customers who were originally supplied by Japanese original manufacturers, and expand the sales ratio of European, American, Japanese and other high-quality customers.
- C. Expand the Chinese market, supported by high quality, strive for business opportunities in China's domestic high-growth market
- D. Expanding the proportion of differentiated products to align with product research and development and improvement, expanding the scope of high-reliability, long-life industrial products, as well as new energy vehicle capacitors and AI application products.

II. Market, Production, and Sales Overview

(I) Market Analysis

Recently, there has been a cooling demand for global consumer electronics products, leading to a downward trend in traditional aluminum electrolytic capacitors. However, there has been an explosive growth in demand for new energy and AI-related applications, driving the expansion of advanced materials and capacitor applications. This surge in demand poses a risk of supply shortage. The Company has recently focused on the development and application of advanced materials and aluminum foils, primarily targeting the field of green energy and new energy vehicle capacitors. The Company have received recognition and adoption from leading capacitor manufacturers both domestically and internationally. Moving forward, it will actively collaborate with customers to expand the application areas of these niche products.

1. Region of Sales (Supply) of Major Products (Service)

The Company is a professional manufacturer of the raw materials, forming aluminum foil , of aluminum electrolysis capacitors. Due to the layout of marketing channels is more focused on the domestic market, the sales targets are mostly concentrated in domestic capacitor manufacturers. As for Asia, the Company mainly serves Japanese manufacturers. The current sales customers are becoming more and more diverse, covering Asia, Europe and America. In addition, domestic downstream clients are gradually moving out of the country, and they are actively building overseas marketing networks. As a result, the proportion and the amount of export sales have increased significantly.

Unit: NT\$ thousands

Year Region of Sales	2023		2024	
	Net Sales	Proportion (%)	Net Sales	Proportion (%)
Asia	3,525,294	95.90	4,103,163	97.11
Europe	78,266	2.13	68,120	1.61
America	72,535	1.97	54,149	1.28
Total	3,676,095	100.00	4,225,432	100.00

2. Market Share

Since the manufacturers of forming aluminum foil are mainly small and medium-sized enterprises, and currently there is no unit with credibility to make appropriate and accurate statistics of market share for the production and sales of forming aluminum foil manufacturers. According to the estimation of the Japanese industry, the global monthly demand for forming aluminum foil is approximately 10 million m². In addition, more than 80% of the global forming aluminum foil production capacity is concentrated in Japan, and the production scale of the Company and overseas production bases only account for about 8% of the world's demand.

3. Future Market Supply and Demand and Growth

Since the outbreak of the COVID-19 pandemic in 2020 and the Russia-Ukraine conflict, there has been a global downturn in trade and economic activity. This has shifted the demand for traditional consumer electronics products from short-term excessive consumption to a severe overall decline. Consequently, the demand for consumer-grade aluminum electrolytic capacitors has plummeted significantly. However, recent investments and initiatives by governments worldwide to reduce carbon emissions have led to a substantial increase in demand for energy-saving measures and green energy development, such as wind and solar energy applications. Additionally, the significant growth in the demand for new energy vehicles in recent times has also contributed to a surge in demand for aluminum electrolytic capacitors, particularly in the medium to high voltage product segment. The future market trends for aluminum electrolytic capacitors includes UHV, miniaturization and / high capacity LOW-ESR, Resistant to large ripple current (High-frequency switching power supply), shock and high-temperature resistance (required for automotive electronics operating at temperatures of 120°C to 150°C), Ultra high capacity capacitor (Electric double layer capacitor) and SMD V-CHIP (vertical or horizontal).

Specific application and development trend of aluminum electrolysis capacitors

Product Type	Application Field	Future Development
Standard Product for General Circuits	General circuits	Balanced
Non-Polar Capacitor	Crossover in loudspeaker	Balanced
Bi-Polar Capacitor	Level scanning circuit of TV and monitor	Balanced
Low Leakage Capacitor	Frequency/volume of high-end audio	Balanced
	Adjustment and pre-amplification circuit	
High Temperature and Long Lifetime Capacitor	Machinery such as fax machine, switch and medical equipment	Balanced
High Frequency Low Resistance Capacitor		
Water System	Motherboard, Filter circuit at the output of Power Supply	Almost saturated
Anhydrous	Filter circuit at the output of high-end power supply	Growing
Solid State	Graphics card, LCD Projector, Filter circuit at the output of high-end power supply	Growing
Corrugation Resistance, Low Resistance Capacitor	Filter circuit at the input of power supply	Growing
Surface Mount/Ultraminiature Capacitors	LCD Monitor/TV, DVD Player, Cellphone	Growing significantly
Capacitor for Flashlight	Digital Camera, General Camera	Growing
Super Large Screw Type Capacitor	High power audio, Inverter, Hybrid Motor	Growing significantly
Energy-Saving Capacitor	Energy-saving light, Electronic rectifier	Growing substantially
Eco-Friendly Capacitor	Eco-friendly product	Growing
Super Capacitor	Memory Backup, Machine tool, Electric vehicle	Growing

According to the development trend of the future market, the Company's medium and high voltage etched aluminum foils technology has gradually been able to meet the demand, but in the short term, it still needs to rely on externally purchased etched aluminum foils to make up for the gap; for low-voltage formation product, it is necessary to find raw materials that are low-priced and meet market specifications.

4. Competitive Niche

Since the Company belongs to the upstream key material industry of aluminum electrolysis capacitors, under the principle of fast delivery and high quality, the key to the success is to make the products match the development of the aluminum electrolysis capacitor market. The Company is committed to the enhancement of chemical conversion technology and process improvement. The Company has a better grasp of the forming aluminum foil market and its production technology than the competitors. Through the expansion of new customer sources and the development of multi-functional products, it has strengthened production and market demand adaptability. The Company's competitive niche is as follows:

(1) Good Product Quality

The Company uses its private label “LT” for marketing domestically and abroad. In order to improve product quality and company image, it has passed the ISO-9001 international quality system certification. At the same time, it was favored by Japanese manufacturers and has won their orders, which shows that the Company's products have established a good quality image in the forming aluminum foil industry.

(2) High-efficiency Production Line Assembly Capability

In terms of the expansion of the production line, the Company introduces automated equipment for self-assembly, so that the cost of equipment purchase is lower than that of other competitors, and the production efficiency is improved in response to market changes to maintain a competitive advantage.

(3) Control the Source of Supply

The Company is well aware that the control of the supply of goods is the key factor for the success of the industry. In view of the fact that domestic formation manufacturers have long relied on Japanese supplies, in order to achieve the benefits of economies of scale in production, and at the same time cooperate with the expansion of production lines, and maintain good cooperation with Japanese suppliers, the Company maintains a high procurement volume to achieve the advantage of procurement compared to its competitors. Looking at the Company comprehensively since the expansion of the production line, the capacity utilization rate is high, and the output volume has increased significantly. It is obvious that the Company's control of the source of goods still matches the growth of the forming aluminum foil market, leading the Company to continue to maintain its competitiveness and move towards the goal of growth and sustainable operation.

5. Favorable and Unfavorable Factors of Development Prospect and the Countermeasures

Item	Favorable Factors	Unfavorable Factors	
	Explanation	Explanation	Countermeasures
1. Major content and development prospects of the business	The downstream products are widely used in 4C industries such as information, communication, consumer electronics, and automotive electronics, with a wide range of applications and unlimited market prospects.	<ol style="list-style-type: none"> 1. Labor shortage and cost of wages increases. 2. Capacitor manufacturers moved their production bases to China, which impacted the geographical supply relationship, and the price war from Chinese raw material suppliers affected product prices. 	<ol style="list-style-type: none"> 1. Strengthen staff cultivation, education and training to improve the quality of employees, enhance the employees' spirit to strive for the common goal, and improve production efficiency. 2. Indirectly reinvested in China to establish a professional forming aluminum foil plant to supply the demand for forming aluminum foil from the customers nearby. 3. To differentiate itself in the market from the Chinese low-price products with the Company's product quality. 4. The technical research center continues to research and develop in order to improve product production technology and create added value of products.
2. Position in the industry	<ol style="list-style-type: none"> 1. The Company is the only manufacturer in Taiwan that has the production technology of high voltage etched aluminum foils. 2. Currently, the Company is a well-known manufacturer and seller of forming aluminum foil in Taiwan, and it has the most efficient production line in the industry. 	Many domestic capacitor manufacturers tend to establish their own forming aluminum foil plants to control the supply of goods, which affects the Company's market share.	<ol style="list-style-type: none"> 1. Expand the product market and become a major international professional forming aluminum foil manufacturer. 2. Establish a technical research center to improve production technology. 3. Increase quantity to lower the price in order to reduce production costs.

Item	Favorable Factors	Unfavorable Factors	
	Explanation	Explanation	Countermeasures
3. Supply of major raw materials	<ol style="list-style-type: none"> 1. All the suppliers have been working with the Company for many years, and the Company has a good relationship with them. The suppliers provide high-quality materials, which can ensure the stability of supply and quality. 2. The R&D department has developed to use Chinese Raw foil to replace the Japanese Raw foil 	The main raw materials are controlled by Japanese manufacturers, which makes the source of purchase excessively concentrated.	<ol style="list-style-type: none"> 1. For long-term materials, pre-arrange the demand plan and confirm the order in advance to reduce the risk of concentrated supply. 2. Form partnerships with suppliers to obtain support and cooperation from them. 3. R&D to improve the production technology of etched aluminum foils for upstream raw materials. 4. Actively evaluate alternative suppliers with competitive pricing.
4. Sales of major products	<ol style="list-style-type: none"> 1. The products are supplied to major capacitor manufacturers domestically and abroad. 2. The formation technology is stable, and the quality is excellent, and the proportion of sales to high-quality customers such as Europe, America and Japan has increased significantly. 	The downstream electronic technology industry's requirements for the functions of related components are becoming more and more diverse, which has created pressure to improve product features and capacitance.	<ol style="list-style-type: none"> 1. Establish the Company's private label products and enter the market with the image of its own brand. 2. Develop products suitable for capacitor manufacturers' product specifications, features and capacitance, and increase the scope of product use. 3. Jointly develop products with the most suitable features with major customers in order to jointly reduce costs and achieve a win-win result.
5. Financial Status	<ol style="list-style-type: none"> 1. Financial operation is conservative and stable. 2. Financial structure is healthy and complete. 	In response to the growth of the operation, the Company continues to use bank loans to support the operation, which makes the Company highly dependent on the bank.	Raising long-term low-cost funds through the capital market enhances the flexibility of fund allocation, which will help the Company's long-term and stable development.

Item	Favorable Factors	Unfavorable Factors	
	Explanation	Explanation	Countermeasures
6. Increase in costs of electricity	Compared with Taiwan, the cost of electricity in A ba Prefecture, Sichuan is relatively low. The Company's subsidiary Liton (A ba zhou) completed mass production of its new plant in the first quarter of 2011, which is beneficial in reducing the overall cost.	Green energy is expected to increase domestic electricity prices in the future, which is not favorable for the production of high-voltage products.	The Company will make full use of the advantages of Liton (A ba zhou)'s lower electricity costs, and flexibly adjust the arrangement of the production base to pursue the optimization of overall cost and efficiency.
7. Impact of depreciation of USD and appreciation of JPY and NT\$	Sales are mainly in USD and CNY, while purchase payments are mainly in JPY and CNY. The result of offsetting purchases and sales in foreign currencies produces a certain degree of hedging effects on exchange rate changes.	<p>1. The main raw materials are purchased in JPY, and the appreciation of the JPY will increase the cost of purchasing materials.</p> <p>2. Sales using USD are affected by the depreciation of the USD.</p>	<p>1. Adjust the price in a timely manner.</p> <p>2. Negotiate with the customers on the reference exchange rate between USD and JPY, and flexibly adjust the selling price when the change is substantial.</p> <p>3. Some customers quote in JPY to avoid the impact of exchange rates.</p>

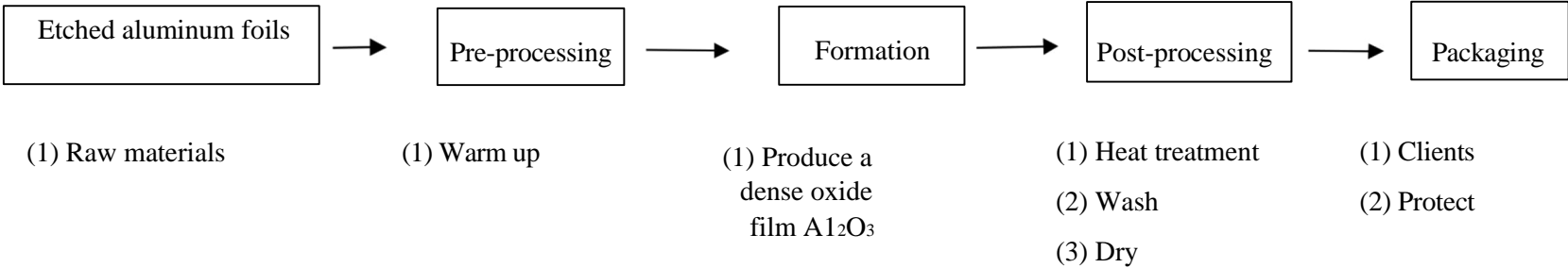
(II) Major applications and manufacturing processes of main products

1. Major applications of main products

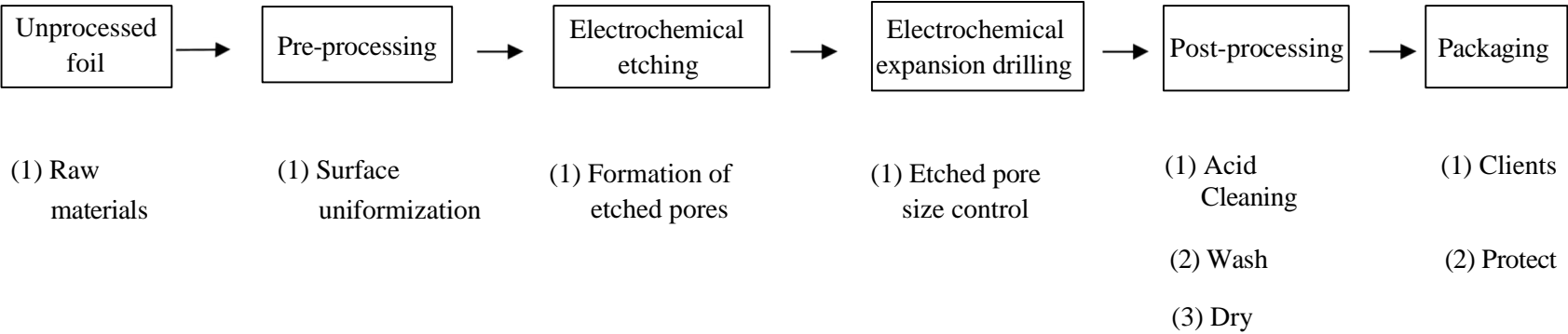
The formed aluminum foil and etched aluminum foil manufactured by the Company are the primary raw materials for aluminum electrolytic capacitors and serve as critical components in the consumer electronics industry. Aluminum electrolytic capacitors, known for their compact size, high capacitance, and cost efficiency, are widely used in electronic, electrical, telecommunications, and information technology products.

2. Manufacturing processes of main products

1. Forming aluminum foil



2. Etched aluminum foils



(III) The availability of key raw materials

Please refer to the information sheet of key suppliers for the most two recent years.

(IV) A list of major incoming and selling customers in the most recent two years

1. More than 10% of the main suppliers in the most recent two years

Unit: NT\$ thousand

	2023				2024				2025 as of the first quarter			
Item	Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer	Item	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer
1	Company A	778,101	50.88	Substantial related party	Company A	1,141,722	58.33	Substantial related party	Company A	251,725	49.70	Substantial related party
2	Company B	178,715	11.69	None	Company B	190,013	9.71	None	Company B	68,793	13.58	None
3	Company C	-	-	None	Company C	11,288	0.57	None	Company C	58,720	11.59	None
4	Other	572,335	37.43		Other	614,336	31.39		Other	127,276	25.13	
	Net Purchase	1,529,151	100.00		Net Purchase	1,957,359	100.00		Net Purchase	506,514	100.00	

Explanation of increase/decrease in changes:

The increase in purchase amount is primarily due to the increased market demand since 2024. The Company mainly produces etched aluminum foils and chemically treated aluminum foils, with the main raw materials being aluminum unprocessed foils, etched aluminum foils, and chemical solutions. The upstream materials for capacitors are predominantly controlled by Japanese manufacturers, and the Company has established long-standing and good relationships with the suppliers in the aluminum raw foil supply chain. This ensures a relatively stable supply of various raw materials. The fluctuation in transaction amounts with suppliers is mainly influenced by the procurement policy, which prioritizes selecting suppliers based on material specifications, quality, and price. The Company aims to engage with suppliers who offer excellent quality and reasonable pricing. Additionally, the Company maintains relationships with multiple qualified suppliers for most of the raw materials, ensuring a robust and reliable source of materials.

2.Information on customers accounting for more than 10% in the most recent two years

Unit: NT\$ thousands

	2023				2024				2025 as of the first quarter			
Item	Name	Amount	Ratio of Net Sales in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Sales in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Sales in the Whole Year (%)	Relationship with the Issuer
1	Company A	564,111	15.35	Substantial related party	Company A	671,140	15.88	Substantial related party	Company A	176,655	16.47	Substantial related party
2	Other	3,111,984	84.65		Other	3,554,292	84.12		Other	895,627	83.53	
	Net sales	3,676,095	100.00		Net sales	4,225,432	100.00		Net sales	1,072,282	100.00	

Explanation of increase/decrease in changes:

The main customers of the company, who account for more than 10% of net sales, are primarily purchasing etched aluminum foils and chemically treated aluminum foils. As a result of the increase in market demand since 2024, the sales amount has increased.

III. Employee information for the most two recent years as of the date of this report was printed

Unit: People; Age; Year

Year		2023	2024	As of 31 March 2025
Item				
Number of Employees	Salesperson	13	12	12
	Technical Staff	78	76	74
	On-site Staff	203	198	192
	Management Staff	101	99	99
	R&D Staff	5	4	5
	Total	400	389	382
Average Age		39.19	38.97	39.11
Average Years of Seniority in Service		9.03	9.19	9.35
Education Distribution Proportion	Ph.D.	0.00%	0.00%	0.00%
	Master's degree	1.25%	1.31%	1.35%
	College	24.26%	23.98%	23.97%
	Senior high school	58.51%	58.91%	58.89%
	Below senior high school	15.98%	15.80%	15.79%
	Total	100.00%	100.00%	100.00%

IV. Information on Disbursements for Environmental Protection

- (I) In the most recent year to the date of this report was printed, the amount of loss (including damages and environmental protection audit results violation of environmental protection laws and regulations, the penalty date, penalty name, laws and regulations violated, content of violation, and content of the penalty should be listed):
- (II) Estimated amount of current and future possible incidents, and the countermeasures: According to the laws and regulations, personnel who should apply for pollution source installation permit or pollution emissions permit, or personnel who should pay for pollution control fees, or who should establish environmental dedicated units, should explain the application, payment, and establishment status:

The production methods of the Company's products are all mechanical processing methods, and only a very small amount of wastewater will be generated during the cleaning process. Recognizing the rising awareness of environmental protection and adhering to social corporate responsibility and the mission of sustainable operation, the Company purchased two sets of wastewater treatment equipment to strengthen wastewater treatment process and sent staff to participate in the training course for Class B Waste Disposal Technician in order to obtain the professional license. In addition, the Company continued to acquire the ISO14001 international environmental protection system certification in May 2022, and established a comprehensive environmental management system to meet the trend of the world.

The Company's environmental protection related permits, the application and establishment are as follows:

Item	Permit Name	Permit Number
Air Pollution Control	Stationary pollution source operating permit	Miaoli County Government Environmental Practice Certificate No. K 0539-05 From 14 November 2023 to 09 September 2025
Water Pollution Control	Water pollution control permit	Miaoli County Environmental Emissions license No. 00203-10 From 16 November 2023 to 12 February 2028
Waste Management	Business waste cleanup plan	Control No: K7701391 Valid until 9 June 2028

V. Labor Relations

- (I) The Company's various employee benefit plans, continuing education, training, retirement systems and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests

1. Employee Welfare Committee:

- (1) The Employee Welfare Committee established by the Company consists of seven people from both the labor and management, six representatives from the labor and one representative from the management, jointly organized and established.
- (2) The committee shall have a secretary-general, a secretary and an assistant director. The chairman is selected and appointed from among the employees of the association and affiliated business units.
- (3) The secretary-general, secretary and assistant director of the committee are all voluntary, and they meet once every three months, and impromptu meetings would be held when necessary. The meeting shall be convened by the chairman and serve as the chairperson. When the chairperson is unable to perform his/her duties for some reason, he/she may appoint one of the committee members to act as a proxy.

- (4) Source of funds for employee welfare:
 - A. Allocated 1% of total capital when established.
 - B. Allocation of 0.05% of total monthly revenue.
 - C. Deduction of 0.5% of each employee's monthly salaries.
 - D. Allocation of 40% of sales of remnant.
 - E. Employee Welfare Committee often organizes tourism activities, recreational and sports activities to adjust the physical and mental health of employees and promotes emotional exchanges among colleagues. In addition, it also provides birthday gift certificates, new year cash gift, and subsidies for weddings and funerals.

2. Employee Benefit Plans, Continuing Education, Training, and Implementation:

(1) Employee Benefit Plans

A. Food:

The employees can take care of themselves daily, or the Company can order for them.

B. Clothes:

- a. Provide free uniforms in two seasons per year.
- b. Provide gloves, safety shoes and other necessary protective equipment according to the needs of the workplace.

C. Accommodation:

Provide single dormitory for free accommodation for staff from afar

D. Transportation:

Set up a spacious parking lot for employees to park their cars and motorcycles.

E. Education:

- a. Every year, according to the "Annual Training Plan", various education and training are carried out and dedicated personnel of each business unit are selected to travel outside of the Company for training or professional lecturers from external units are invited to come to the plant for training to enhance employees' professional learning.
- b. Encourage staff to participate in various learnings, lectures, and professional training outside the plant and assist new recruits to participate in various license tests in order to obtain operating qualifications. The Company fully subsidizes the expenses.

F. Entertainment:

- a. Birthday gift certificate or birthday gifts will be given to the birthday person of the month each month.
- b. Hold at least one travel or trip every year to refresh employees physically and mentally.

G. Healthcare:

- a. In addition to participating in national health insurance and labor insurance, the Company also helps participate in group insurance and hospitalization medical subsidies for each employee.
- b. The employees' health checkup is carried out once a year, and the inspection items are adjusted according to the needs. In addition, the employees who work in special workplaces also conduct key health checkups every year.

H. Subsidies for weddings and funerals:

For employees who are attending weddings or funerals, the Employee Welfare Committee will provide gifts or condolence money in accordance with regulations on employee welfare measures and subsidies.

(2) Employee Continuing Education and Training

- A. Every year, the Company formulates individual education and training plans for managers at all levels, R&D staff, technical staff, and general management staff to cultivate the professional quality and leadership ability of management.

- B. Relevant education and training contents from 2024 to 31 March 2025 are as follows:

	Number of Classes	Total Number of Persons	Total Hours	Total Expense (NT\$1,000)
New Recruits Training	3	3	24	0
Professional Functions Training	11	21	126	48
General Knowledge Training	4	60	240	0

3. Employee Retirement System and Implementation:

- (1) According to the Labor Standards Act, the Company has established employee retirement regulations, and 2% of the total monthly salary is allocated to the labor pension reserve funds every year.
- (2) Employees who qualify for the employee retirement system: All regular employees.
 - A. Employees who have one of the following circumstances may apply for retirement:
 - a. Those who have worked for more than 15 years and are over 55 years old.
 - b. Those who have worked for more than 25 years.

- B. Employers shall not force employees to retire unless they fall under any of the following circumstances:
- Those who are over 60 years old.
 - Those who are mentally incapacitated or physically disabled to the extent not capable of delivering services.

(3) Criteria for Payment of Employee Pensions:

- Two bases are given for each full year of service rendered. But for the rest of the years over 15 years, one base is given for each full year of service rendered. The total number of bases shall be no more than 45. The length of service is calculated as half year when it is less than six months and as one year when it is more than six months.
- As set forth in Subparagraph 2 of Paragraph 1 of Article 54, an additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to workers forced to retire due to disability incurred from the execution of their duties.
The retirement pension base as specified in Subparagraph 1 of the preceding paragraph shall be one month' s average wage of the worker at the time when his or her retirement is approved.
- Since 2000, the Company has hired an actuary to calculate the pension, and the allocation rate in 2024 is 2% of the total monthly salary.
- Since July 2005, the new pension system has been implemented, and for the employees who has chosen the new system, the Company will allocate 6% of the monthly insured salary per person to the individual dedicated account of the Bureau of Labor Insurance.
- Since 2010 to March 2025, a total of seven employees retired. All retirement benefits were processed in accordance with legal regulations. The issuance of retirement benefits to employees was disbursed within one month from the effective date of retirement.
- The allocation ratio and status of contributions for new and old retirement systems:

	Legal basis	Method	Amount
Old System	Labor Standard Act	2% of employee salaries shall be allocated to the retirement reserve fund account at Taiwan Bank (formerly Central Trust of China).	As of December 31 2024, the balance of the labor retirement reserve fund is NT\$30,632 million.
New System	Labor Pension Act	6% of employees' insured salaries shall be allocated to individual accounts at the Labor Insurance Bureau.	A total of NT\$2,327 thousand was allocated in 2024.

4. Labor-management agreements and various employee rights protection measures
Labor management meetings: Coordination meetings between labors and management are held every three months. Through the establishment of the labor-management meeting, effective communication between the two parties is achieved.
5. Human Rights Policy and Employee Code of Conduct
The Company, in accordance with the Labor Standards Act, has established a “Code of Conduct” to ensure that all employees understand work ethics, business principles, and expectations for employee conduct, while also establishing rights and benefits for employees. All employees at every level are required to sign legally binding and reasonable labor contracts, non-disclosure agreements, and internal major information confidentiality agreements before joining the company, ensuring the rights and obligations of both labor and management.
To ensure compliance with human rights policies and adhere to the principles and basic norms outlined in the “United Nations Global Compact”, the “Universal Declaration of Human Rights”, and the “Declaration of Fundamental Principles and Rights at Work” by the International Labour Organization, the Company has established the “Human Rights Policy and Management”, “Responsible Business Alliance Code of Conduct Declaration” (RBA), “Corporate Social Responsibility Report (CSR)”, and “Conflict Minerals Non-Usage Policy Declaration.” The Company conducts annual human rights risk assessments, implement compliance factory self-inspections and third-party evaluations for identified human rights concerns, and strive to comply with applicable labor and employment laws as well as international standards.
6. Gender Equality
 - (1) The Company promotes workplace diversity and has long been committed to fostering a friendly work environment. In 2024, the proportion of female employees in the workforce reached 36% of the total staff, while female managers accounted for approximately 29.5% of all managers.
 - (2) Provide female employees with breastfeeding breaks, menstrual leave, maternity leave, prenatal care leave, and antenatal care leave, among other benefits. These measures are part of our commitment to creating a work environment that is dignified, safe, equal, and free from harassment for all employees.
7. Workplace Environment and Personal Safety Protection Measures
 - (1) Regular implementation of occupational health and safety education and training.
 - A. Conduct general occupational health and safety education for new and reassigned personnel for 3 hours. °
 - B. Implement occupational health and safety education and training for incumbent personnel, for 3 hours every three years.
 - C. Implement various occupational health and safety education and training programs (e.g., first aid personnel, crane operators, forklift operators, etc.), for 3 hours every three years.

- (2) Regular employee health check-ups are conducted annually before December to protect workers' health. In 2024, the employee health check-up rate reached 99%.
- (3) Regular fire drills are conducted to enhance disaster prevention education within the factory and prevent accidents. Fire drills are conducted every six months and reported to the local fire department. In 2024, the total number of participants reached 118.
- (4) Implementing automatic safety and health checks to protect workers' physical safety.
 - A. Regular inspection of firefighting equipment, with each firefighting facility inspected quarterly.
 - B. Regular inspection of forklifts, with monthly inspections and record-keeping, and annual comprehensive inspections and record-keeping.
 - C. Regular inspection of elevators, with monthly inspections and record-keeping, and annual comprehensive inspections and record-keeping.
- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken: None.

VI. Cyber Security Management

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.
 - 1. Cyber Security Risk Management Framework

Although the Company has not established an inter-departmental cyber security committee, the head of the information office is currently responsible for cyber security-related matters.
 - 2. Cyber Security Policies
 - (1) Taking inventory regularly of information assets and personal data, conduct risk management on cyber security and personal data risk assessment, and implement various control measures.
 - (2) Conduct cyber security and personal data protection education training and promotion operations from time to time.
 - (3) Outsourced manufacturers must sign a confidentiality agreement to ensure that those who use the information services provided by the Company or perform related information business have the responsibility and obligation to protect the information assets they obtain or use from the Company to prevent unauthorized access, data diddling, damage or improperly disclose.
 - (4) Appropriate backup, backup supports, or monitoring mechanisms have been established for important information systems or equipment, and regular drills have been conducted to maintain normal operation.

- (5) All personal computers are equipped with antivirus software and the virus code is updated regularly, and the use of unauthorized software is prohibited.
- (6) Require account numbers, passwords and access should be safely kept and used responsibly by colleagues, and passwords should be updated regularly.
- (7) Establish a business continuity management mechanism and regularly conduct test drills to maintain its applicability.
- (8) Regularly implement internal audits every year to ensure the effectiveness of information security and personal data protection control system.

3. Concrete management programs and investments in resources for cyber security management

- (1) List inspection control operations of cyber security and personal data protection as annual audit items, and the audit unit conducts audits at least once a year. In addition, the Company conducts self-inspection operations based on the internal control system every year, summarizes the internal control implementation results and submits it to the board of directors for review and confirmation, and provides a Declaration of Internal Control System based on the evaluation results.
- (2) Conducted six annual drills for testing and exercising the Emergency Response and Recovery Plan.
- (3) Completed the procurement and implementation of the replacement and update of the network firewall. °
- (4) The allocation of funds and resources for information security is reviewed annually, and relevant management plans are continuously improved.

- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken: None.

VII. Important Contracts

Nature of Contract	Party of Contract		Contract Start and End Dates	Main Content	Restrictive Clause
Credit Contract	LITON TECHNOLOGY CORP.	CTBC Bank Co., Ltd.	26 July 2024 to 23 January 2027	Long-term loan	None
Credit Contract	LITON TECHNOLOGY CORP.	E.SUN COMMERCIAL BANK, LTD.	12 September 2024 to 10 September 2027	Long-term loan	None
Engineering Contract	LITON TECHNOLOGY CORP.	RePV Tech , INC.	27 June 2024 to 30 June 2025	Commissioned design and engineering contract for renewable energy power	None

Chapter V. Review and Analysis of Financial Position and Performance, and Risk Assessments

I. Financial Position

Comparative Analysis of Financial Position

Unit: NT\$ thousands; %

Item \ Year	2023	2024	Difference	
			Amount	%
Current Assets	2,841,726	3,361,856	520,130	18.30
Property, Plant and Equipment	2,802,818	2,816,063	13,245	0.47
Intangible Assets	2,257	1,870	(387)	(17.15)
Other Assets	195,753	188,285	(7,468)	(3.82)
Total Assets	5,842,554	6,368,074	525,520	8.99
Current Liabilities	1,846,812	1,371,662	(475,150)	(25.73)
Noncurrent Liabilities	198,569	362,485	163,916	82.55
Total Liabilities	2,045,381	1,734,147	(311,234)	(15.22)
Capital	1,432,196	1,505,718	73,522	5.13
Capital Reserve	583,462	820,929	237,467	40.70
Retained Earnings	1,342,910	1,654,685	311,775	23.22
Other Equities	(208,065)	(105,820)	102,245	(49.14)
Treasury Stock	(41,808)	(41,808)	0	0.00
Non-controlling Interest	688,478	800,223	111,745	16.23
Total Shareholders' Equity	3,797,173	4,633,927	836,754	22.04

(I) The material difference in assets, liabilities, and shareholders' equity in the last two years (for the difference of more than 10% compared to the previous period), the main reasons and impacts:

1. Current assets: Mainly due to a significant increase in notes and accounts receivable during the current period.
2. Intangible assets: Mainly due to the reclassification of computer software costs as operating expenses in the current period.
3. Current liabilities: Mainly due to the maturity of bonds payable during the current period.
4. Noncurrent liabilities: Mainly due to the new long-term loans obtained in the current period.
5. Total liabilities: Mainly due to the reclassification of deposited guarantee funds as non-operating income and the maturity of bonds payable during the current period.

- 6.Capital reserve and retained earnings: Mainly due to the profit earned during the current period.
- 7.Increase in other equities: Mainly due to the decrease in exchange difference on translation of foreign operations.
- 8.Non-controlling interest: Mainly due to the profit generated by the subsidiary, LIDON Electronics Technology Co., Ltd., during the current period.
- 9.Total Shareholders' Equity: Mainly due to the profit generated during the current period.

(II) If the impact is significant, future countermeasures should be explained: None.

II. Financial Performance

(I) Comparative Analysis Table for Operating Results

Unit: NT\$ thousands

Item \ Year	2023	2024	Increase (Decrease) Amount	Difference Proportion (%)
Net Revenue	3,676,095	4,225,432	549,337	14.94
Operating Cost	2,927,301	3,210,479	283,178	9.67
Gross Margin	748,794	1,014,953	266,159	35.55
Operating Expense	321,916	411,351	89,435	27.78
Operating Income	426,878	603,602	176,724	41.40
Non-operating Income and Expense	652	130,182	129,530	19866.56
Pre-tax Net Income	427,530	733,784	306,254	71.63
Tax Expense	86,836	133,964	47,128	54.27
Net Income from Continued Operations of the Period	340,694	599,820	259,126	76.06
Loss from Discontinued Operations	-	-	-	-
Net Income of the Period	340,694	599,820	259,126	76.06
Net Other Comprehensive Income	(74,148)	124,473	198,621	-267.87
Total Comprehensive Income	266,546	724,293	457,747	171.73

If the proportion of increase or decrease in the last two years has changed by more than 10%, the analysis is as follows:

1. Net revenue and gross margin: For details, please refer to the analysis of changes in gross profit.
2. Operating expense and income: Mainly due to the market recovery and increased company profitability, which led to a higher allocation ratio for employee remuneration to boost morale, as well as an increase in the provision ratio for bad debts.
3. Non-operating expense and income: Mainly due to the net foreign exchange gains recognized during the current period and the reclassification of guarantee deposits as non-operating income.
4. Pre-tax net income: Mainly due to the market recovery and foreign exchange gains recognized during the current period, resulting in an increase in pre-tax net income.
5. Tax expense: Mainly due to the market recovery, resulting in an increase in income tax recognition.
6. Net income of the period and total comprehensive income: Mainly due to the market recovery, resulting in an increase in net revenue and gross margin.
7. Decrease in net other comprehensive income: Mainly due to exchange rate fluctuations, resulting in a decrease in the exchange differences on translation of financial operations.

(II) Gross Margin Difference Analysis Table

Unit: NT\$ thousands

Reasons for the Difference				Total
Selling Price Difference	Cost Difference	Sales Portfolio Difference	Quantity Difference	
(185,675)	285,804	33,324	132,706	266,159

Explanation: In 2024, the market demand for etched foils rebounded, leading to full utilization of production capacity and a resulting increase in revenue compared to the same period last year. Due to changes in the product mix, favorable variances in cost price, sales mix, and quantity were realized.

(III) Expected Sales Volume and its Basis:

Item	Expected Volume for 2025	Unit
Forming Aluminum Foils	28,123	Thousand Meters
Etched Aluminum Foils	50,700	Thousand Meters

(IV) Possible Impact on Future Financial Position of the Company: None.

(V) Future Countermeasures: N/A.

III. Cash Flow Analysis

(I) Cash Flow Difference Analysis in the Most Recent Year:

Unit: NT\$ thousands

Cash Balance at the Beginning of the Period (A)	Net Cash Provided by Operating Activities for the Year	Net Cash Inflow (Outflow) for the Year (B)	Cash Balance (Deficit) (A)+ (B)
899,003	605,422	208,287	1,107,290
<p>1. Operating Activities: The net cash inflow from operating activities was NT\$605,422 thousand, mainly due to the increase in cash collection from revenue and profit.</p> <p>2. Investing Activities: The net cash outflow from investing activities was NT\$165,705 thousand, mainly due to the acquisition of property, plant and equipment.</p> <p>3. Financing Activities: The net cash outflow from financing activities was NT\$253,445 thousand, mainly due to the repayment of corporate bonds and payment of cash dividends.</p>			

(II) Improvement Plan for Illiquidity: None.

(III) Cash Liquidity Analysis in the Next Year:

Unit: NT\$ thousands

Cash Balance at the Beginning of the Period (A)	Net Cash Provided by Operating Activities for the Year	Net Cash Outflow for the Year (B)	Projected Cash Balance (Deficit) (A)+(B)	Remedy for Projected Cash Deficit	
				Investment Plan	Financing Plan
1,107,290	454,120	110,382	1,217,672	-	-
<p>1. Cash Flow Difference Analysis in the Next Year:</p> <p>(1) Cash inflow from operating activities: It is expected that the sales of forming aluminum foil products will grow in 2025. Additionally, due to the collection of accounts receivable from sales, cash payments for material purchases in line with revenue growth, and payment of expenses such as salaries, the operating activities generated a cash inflow of NT\$454,120 thousand.</p> <p>(2) Investing and financing activities: Mainly due to the payment of NT\$81,725 thousand for plant and equipment repairs and the distribution of cash dividends of NT\$262,013 thousand.</p> <p>2. Remedy for projected cash deficit and liquidity analysis: N/A.</p>					

IV. The Effect upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year:

- (I) Use of material capital expenditure and the source of funds: Electric erosion machine power supply and related equipment.
- (II) Expected possible profits generated: Improve market share with newly developed production technology and quality.

V. The Company's Reinvestment Policy for the Most Recent Fiscal Year, the Main Reasons for the Profits/ Losses Generated Thereby, the Plan for Improving Re-Investment Profitability, and Investment Plan for the Coming Year

- (I) The Company only reinvests for business and market needs.
- (II) The Company's profit from direct investment was NT\$402,013 thousand in 2024, which had a increase of NT\$227,912 thousand compared to 2023. This increase was primarily due to the growth in market demand in 2024. As a result, it has driven the growth of the Company's operation under the investment using the equity method, resulting in an increase in profits.
- (III) Investment plan for the next year will be increasing investment depending on the demand of the Chinese market.

VI. Risks

- (I) The impact of interest rate and exchange rate fluctuation, and inflation on the profit and loss of the Company, and the countermeasures in the future

Unit: NT\$ thousands

Item	2023	2024
Interest Expense	33,203	28,255
Exchange Profit (Loss)	(701)	68,713
Pre-tax Net Income	427,530	733,784

Source: Financial statements attested by CPAs.

1. Interest Rate Fluctuations:
Pay attention to interest rate changes at any time, and effectively control the financial position to reduce the impact of interest rate changes.
 2. Exchange Rate Fluctuations:
Pay attention to exchange rate changes at any time and read its movements in order to hedge using foreign exchange forward and flexibly adjust the foreign exchange position from time to time.
 3. Inflation:
Pay attention to inflation, so as to adjust the product selling price and raw material inventory appropriately.
- (II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future:
1. The Company has not engaged in any high-risk investments or highly leveraged investments. All investments are executed after careful evaluation. For the loans to other parties and the endorsement or guarantee to the subsidiaries of the Company, the Company would carefully implement the “Procedures for Loans to Other Parties Procedure for Lending Funds to Other Parties” and “Measures for Endorsement or Guarantees Implementation Measures for Endorsement Guarantee” .
 2. The purpose of the Company undertaking foreign exchange forward is mainly to avoid the currency risk of foreign currency debts payable due to imported raw materials and foreign currency claims receivable arising from sales of products. The Company will carefully implement the stipulated measures such as “Procedures for dealing with derivatives transactions” .

(III) Future R&D Plan and Expected R&D Expense Invested

1. Research and development plan in the most recent year

The Company is a professional etched and forming aluminum foil manufacturer. Since its establishment in 1993, it has been continuously committed to improving the production process in order to be competitive in both quality and price. Since the invested company, Ruyuan Lidon Electronic Technology Co., Ltd., has completed the transformation of low pressure etched aluminum foils production technology, the source of low pressure etched aluminum foils will have an advantage in the future. In order to strengthen the low pressure formation market, in 2024, the Company completed improvements on the corrosion black-edge issue and developed an energy-saving process for low-voltage formation. In 2025, we will invest in research to enhance the production speed of the high-voltage stage in low-voltage formation, develop an energy-saving process for high-voltage formation, and develop LX03 etched aluminum foil for stacked capacitors.

2. Expected R&D Expense Invested

It is estimated that the R&D expense budget for 2025 will be approximately NT\$180,000 thousand.

(IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

1. Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad: None.
2. Measures to be taken in response: The Company usually collects relevant information to provide decision-making reference for the management level and adjusts the Company's relevant operating decisions based on changes in important policies and legal environments at home and abroad.

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

1. Effect on the Company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change: None.
2. Measures to be taken in response: Collect newspapers, magazines, periodicals or scientific and technological reports related to the forming aluminum foil industry at any time, so as to truly grasp the pulse and changes of the market, understand the development trend of today's technology, and develop products that meet the customer's demand.

- (VI) Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response: None.
- (VII) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.
- (VIII) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.
- (IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:
The Company continues to diversify the purchase or sales counterparties to reduce the risk of consolidation.
- (X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.
- (XI) Effect upon and risk to Company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: None.
- (XII) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that: involve the Company and/or any Company director, any Company supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10%, and/or any company or companies controlled by the Company; and have been concluded by means of a final and unappealable judgment or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the Company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report: None.
- (XIII) Other important risks, and mitigation measures being or to be taken: None.

VII. Other Important Matters: None.

Chapter VI. Special Items to be Included

- I. Information Related to the Company's Affiliate: Please refer to the Supplementary Provisions.
- II. Where the Company has Carried Out a Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.
- III. Other Matters that Require Additional Description: None.

Chapter VII. If Any of the Significant Matters Listed in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act, Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities, has Occurred During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report:

None.

Chapter VIII. Supplementary Provisions

I. Declaration of Internal Control System

Please refer to the content announced on the Market Observation Post System (MOPS).

Path: MOPS > Listed Company > Corporate Governance > Company Regulations/Internal Control > Declaration of Internal Control System

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

2. Information on Affiliated Enterprises

Please refer to the content announced on the Market Observation Post System (MOPS).

Path: MOPS > Listed Company > Electronic Document Download > Affiliated Enterprises Disclosure (The Three Statements) Section

Website: tps://mopsov.twse.com.tw/mops/web/t57sb01_q10

LITON TECHNOLOGY CORP.

Chairman: Chih-Ming Wu