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Twinhead International Corporation

2024 Annual report

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MOPS: <http://mops.twse.com.tw>

Company Website: <http://www.twinhead.com.tw>

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V. Name of the exchange for listed overseas marketable securities and methods to inquire about the overseas marketable securities: None.

VI. Company Website: <http://www.twinhead.com.tw>

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One. Letter to Shareholders

Dear Shareholders,

Reviewing the operation of 2024, although the global economy recovered gradually, industries were still unable to get rid of the impact of the pandemic. Also, the competition among the computer industry was so severe that the gross margin declined in general. The Company has transformed early. The new products drove up the average gross margin. The Company still maintained a gross margin more than 30%. In addition, under the supervision of the Board of Directors, the employees carried through the implementation of transformation strategy and the application of flexible tactics, continuously committed to achieving the goals of strategic transformation, and stuck to making their own way among the fierce competition.

The report on operating performance in 2024, business plan for the current year and future corporate development strategy and the analysis of impact on the Company due to external competitive environment, regulatory environment and macroeconomic conditions are stated as follows:

I. Operating Performance in 2024:

For operating revenue and profit, the sales quantity of portable computers (including finished boards) for 2024 was 52,033 pieces. The Company's 2024 consolidated operating revenue was NT\$1,249,517 thousand, and the gross profit was NT\$470,404 thousand, with a gross profit margin of 38%.

During 2024, the impacts from shortage of components and difficulty in logistic still existed; however, because of the gradual maturity of distribution, there was still an increase in the annual revenue compared to the previous year. The Company's consolidated net profit after tax in 2024 was NT\$162,772 thousand, and the parent company's net profit after tax was NT\$164,724 thousand, both growing from 2023. Generally, the Company has entered the stage of stable profitability gradually.

For research and development, in addition to the research for improvement of quality, materials, equipment and manufacturing procedures to enhance the capacity, product quality and added value, the Company is also researching and developing new products with higher added value proactively through technology exchange and improvement of technology level.

II. Business Plan for the Current Year and Future Development Strategy:

With the general goal of “business first, quality first, efficiency first,” the Company's operating policy is to continue avoiding the red ocean of high quantity and low gross margin and concentrate on the development and continuous improvement of niche products with higher gross margin like Mil-Spec/industrial computers and rugged portable computers. The Company conducts market segmentation and actively develops new customers and application market. The Company also provides customers with complete services of total solution (from product design to production, sales and after-sales service). The Company actively enhances the added value and gross profit to create greater profit.

For the tactic, the Company enhances the customers' reliance on our products as much as possible to stabilize the long-term partnership with customers. Our long-term goal aims at providing full solutions and service system to customers with more diverse special application products and by improving the Company's brand marketing, and innovating marketing strategy, and looking forward to becoming one of the major IPC suppliers.

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

During 2024, there was still a growth momentum for substitution of desktop computers, especially the expansion in fields of military, industry, agriculture, gaming industry, automation and safety control. Following this trend, the Company avoided competition in low gross margin, turned to niche market, and conducted market segmentation as our major pursuit. With proper adjustment to sales proportion in each market, the Company adopted sales and operation strategy of different products. Our core goals are aimed at niche products and active development of new customers and new markets and integration of procurement schedule to lower the costs.

Meanwhile, the Company will continue intensifying the improvement and rationalization, control the costs and expenses strictly, devote to enhance the efficiency, promote energy saving measures, and strengthen the technology exchange with customers and peers to improve the operation structure. We believe that the Company will effectively use each factor to reverse the disadvantage of the environment and face the new challenges in the industry to prepare for future opportunities.

With the trust and continued support from our shareholders, the Company's Board of Directors will strictly supervise the operating team and all of our employees to do our best, actively pursue the prosperity of the Company, and achieve the operation goals in continuous profitability as a return to the continued reliance and trust of our shareholders.

Lastly,

to our Shareholders,

May health and happiness bless you.

Chairman

The image shows a handwritten signature in black ink, which appears to be '高育仁' (Gao Yuren), followed by a red square seal. The seal contains stylized Chinese characters in seal script.

Two. Corporate Governance Report

I. Information on Directors, President, Vice Presidents, Assistant Vice Presidents, and managers of all divisions and branches

(I) Information on Directors

1. Information on Directors

Job Title (Note 1)	Nationality or place of registration	Name	Gender & age (Note 2)	Appointment (onboarding) date	Term of office (years)	Commencement date of the first term (Note 3)	No. of shares held at time of election		No. of shares currently held		Shares currently held by the spouse and minor children		Shares held under other's names		Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the Company and 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			Remarks (Note 5)
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
Chairman	Republic of China	KAO's Development Co., Ltd. Representative: Yu-Jen Kao	Male 90-99 years old	June 13, 2023 June 13, 2023	3	8/30/1996 8/30/1996	3,973,315 286,174	16.02% 1.15%	6,456,635 465,032	16.02% 1.15%	- 53,751	- 0.13%	- -	-	Department of Law, National Taiwan University Members of the Legislative Yuan	Chairman of the Company Chairman of Euroce Investment and Development Co., Ltd.	President	Su-Fu Kao	Father and son	(Note 5)
Director	Republic of China	KAO's Development Co., Ltd. Representative: Ssu-Fu Kao	Male 50-59 years old	June 13, 2023 June 13, 2023	3	8/30/1996 6/16/2017	3,973,315 498,543	16.02% 2.01% (Note 7)	6,456,635 810,125	16.02% 2.01% (Note 9)	- 23,552	- 0.05%	- -	-	NYU Stern School of Business, U.S.	President of the Company	Chairman	Yu-Jen Kao	Father and son	(Note 5)
Director	Republic of China	KAO's Development Co., Ltd. Representative: Ming-Kung Huang	Male 70-79 years old	June 13, 2023 June 13, 2023	3	8/30/1996 6/30/2020	3,973,315 -	16.02% -	6,456,635 -	16.02% -	- -	- -	- -	-	Master's degree in Institute of public administration, National Chengchi University	Independent director of Agro Win Technology Corporation	-	-	-	-
Director	Republic of China	Euroce Investment and Development Co., Ltd. Representative: Mei-Li Tsai	Female 70-79 years old	June 13, 2023 June 13, 2023	3	6/10/2022 6/10/2022	6,000 2,323	0.02% 0.01%	9,750 -	0.02% -	- -	- -	- -	-	Institute of accounting, National Chengchi University President of Euroce Investment and Development Co., Ltd.	Aero Win Technology Corporation Directors Director of Mosa Industrial Corporation	-	-	-	-
Director	Republic of China	21st Century Foundation Representative: Cheng-Hu Chou	Male 50-59 years old	June 13, 2023 June 13, 2023	3	5/27/2005 6/16/2017	23,262 316,441	0.09% 1.28%	37,800 514,216	0.09% 1.28%	- -	- -	- -	-	PhD in public administration, University of La Veme in Los Angeles, U.S.	Chairman of Shih Hsin University	-	-	-	-
Director	U.S.	Protegas Futuro Holdings, LLC Representative: An Van Nguyen	Male 60-69 years old	June 13, 2023 June 13, 2023	3	6/30/2020 6/30/2020	3,802,355 -	15.33% -	5,633,325 -	13.98% -	- -	- -	- -	-	B.S. Computer Science, University of California at Berkeley	Chairman of NCS Technologies Inc.	-	-	-	-
Director	Republic of China	Ri Yue Kao Investment Co., Ltd.	-	June 13, 2023	3	6/16/2017	82,622	0.33%	134,260	0.33%	-	-	-	-	-	-	-	-	-	-
Independent Directors	Republic of China	Yuan-Chuan Li	Male 80-89 years old	June 13, 2023	3	6/16/2017	-	-	-	-	-	-	-	-	PhD in agriculture planning institute, Chinese Culture University	-	-	-	-	-

April 12, 2025

Job Title (Note 1)	Nationality or place of registration	Name	Gender & age (Note 2)	Appointment (onboarding) date	Term of office (years)	Commencement date of the first term (Note 3)	No. of shares held at time of election		No. of shares currently held		Shares currently held by the spouse and minor children		Shares held under other's names		Principal work experience and academic qualifications (Note 4)	Positions held concurrently in the Company and 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			Remarks (Note 5)
							No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
Independent Directors	Republic of China	Tzu-Ping Jen	Male 70-79 years old	June 13, 2023	3	6/30/2020	-	-	-	-	-	-	-	-	Bachelor's degree in business administration, Fu Jen Catholic University	Independent director of Mosa Industrial Corporation	-	-	-	-
Independent Directors	Republic of China	Yi-Hsiung Su	Male 80-89 years old	June 13, 2023	3	6/30/2020	-	-	-	-	-	-	-	-	Bachelor's degree in statistics team of accounting statistics department, National Chung Hsing University	Director of Taoyuan Christian Jhongli Church Foundation	-	-	-	-
Independent Directors	Republic of China	Shu-Hua Chiou	Female 70-79 years old	June 13, 2023	3	June 13, 2023									PhD in communication institute, Shih Hsin University	Distinguished chair professor of Department of Business Administration, Overseas Chinese University Professor of Public Relations and Advertising, Shih Hsin University				-

Note 1: For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately (when listing the representative of a corporate shareholder, the name of the corporate shareholder shall also be noted), and Form 1 below shall also be completed.

Note 2: Please state the actual age, or, alternatively, state the age interval into which the actual age falls, e.g., 41-50 years, 51-60 years.

Note 3: Specify the time the person first began to serve as a director or supervisor of the Company. If there has been any break within a term or between terms, add a note specifying the circumstances.

Note 4: Experience related to the current position(s). In case of work experience with the accounting firm offering external audit services or its affiliated companies during the aforesaid period includes, it is necessary to describe job positions and responsibilities.

Note 5: The Company's Chairman and President are relatives within one degree. To enhance operational efficiency and implementation of decisions, Chairman sets the directions and oversees the management. Equipped with business management expertise, President leads the management in implementation in accordance with the management philosophy. Chairman and President fully communicate with directors regarding corporate operation, plans and guidelines. All is reasonable and essential. The Company has four independent directors and more than half of directors do not serve as an employee or manager. This fulfills the Board of Directors' responsibility in supervision and adheres to the spirit of corporate governance.

Note 6: The number of share consists of 498,532 ordinary shares and 11 preferential shares.

Note 7: The shareholding percentage consists of 2.01% for ordinary shares and 0% for preferential shares.

Note 8: The number of share consists of 810,114 ordinary shares and 11 preferential shares.

Note 9: The shareholding percentage consists of 2.01% for ordinary shares and 0% for preferential shares.

2. Major Shareholders of Corporate Shareholders:

Table 1

April 12, 2025

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
KAO's Development Co., Ltd.	Ming-Luan Kao-Chang (29.22%), Yu-Jen Kao (25.97%), Ri Yue Kao Investment Co., Ltd. (15.58%), Wan-Chien Kao (9.74%), Ssu-Po Kao (9.74%), Ssu-Fu Kao (9.74%)
EUROC Investment Co., Ltd	KAO's Development Co., Ltd. (40%), Bai-Da Investment Co., Ltd.(55%), Mei-Li Tsai (5%)
21st Century Foundation (Note 3)	Bai-Da Investment Co., Ltd. (35.71%), KAO's Development Co., Ltd. (23.81%), Ri Yue Kao Investment Co., Ltd. (23.81%), Taiwan Mobile Co., Ltd. (4.76%), Ching-Kang Foundation for Pharmacy Promotion (2.98%), KBRO CO., LTD. (2.38%), Wei-Ling Chiang (1.19%), Shih-Wei Chen (1.19%), Hsin-Chieh Huang (1.19%), Kuo-Liang Lai (1.19%), Shih-I Liu (1.19%)
Protegas Futuro Holdings, LLC	BOG Investments, LLC (100%)
Ri Yue Kao Investment Co., Ltd.	KAO's Development Co., Ltd (81.00%), Wan-Chien Kao (5.00%), Ssu-Po Kao (5.00%), Ssu-Fu Kao (5.00%), Ming-Luan Kao-Chang (3.00%), Yu-Jen Kao (1.00%)

Note 1: If a director or supervisor is a representative of a corporate shareholder, fill in the name of that corporate shareholder.

Note 2: Fill in the names of the corporate shareholder's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios. If any of the major shareholders is a corporate/juristic person, also complete Form 2 below.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased." This section is completed based on the donation data of 21st Century Foundation for 2024.

Table 2: Major Shareholders of the Company's Major Shareholder Listed in Table 1 Who is a Juristic Person
April 12, 2025

Name of corporate/juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2) (Note 3)
Ri Yue Kao Investment Co., Ltd.	KAO's Development Co., Ltd (81.00%), Wan-Chien Kao (5.00%), Ssu-Fu Kao (5.00%), Wan-Chien Kao (5.00%), Ming-Luan Kao-Chang (3.00%), Yu-Jen Kao (1.00%)
KAO's Development Co., Ltd.	Ming-Luan Kao-Chang (29.22%), Yu-Jen Kao (25.97%), Ri Yue Kao Investment Co., Ltd. (15.58%), Wan-Chien Kao (9.74%), Ssu-Po Kao (9.74%), Ssu-Fu Kao (9.74%)
Bai-Da Investment Co., Ltd.	Ming-Luan Kao-Chang(20.00%), Hao-Hsun Kao (20.00%), Hao-Tong Kao (15.00%), Hao-Hsuan Kao (15.00%), Hsiu-Chuan Yen (5.00%), Yun-Tsai Chou (5.00%), Jiu-an-Jiu-an Kao (5.00%), Yao-Bin Ding (5.00%), Su-Po Kao (5.00%), Su-Fu Kao (5.00%)
BOG Investments, LLC	The An Van Nguyen Revocable Trust (46.05041%), Mark Eric Christopher (46.61503%), Dinh Van Nguyen (2.86135%), Douglas Hafner Eacker (1.21193%), Joseph William Guest (1.64798%), Christopher Strom Nguyen (0.56464%), Cheng Andy Lee (1.04867%)
Taiwan Mobile Co., Ltd.	Taiwan Fixed Network Co., Ltd. (11.03%), Taiwan Cellular Co., Ltd. (5.38%), Ming Dong Industrial Co., Ltd. (4.96%), Fubon Life Insurance Co., Ltd. (4.05%), Fuh Hwa Taiwan Technology Dividend Highlight ETF (3.66%), Ding An Development Co., Ltd. (3.52%), Shin Kong Life Insurance Co., Ltd. (3.31%), Dao Ying Co., Ltd. (3.05%), Yuanta Taiwan High Dividend Low Volatility ETF (3.03%), and Cathay MSCI Taiwan ESG Sustainability High Dividend Yield ETF (2.81%)
KBRO CO., LTD.	DAFU Media Co., Ltd. (100%)
Ching-Kang Foundation for Pharmacy Promotion (Note 4)	Ministry of Health and Welfare (43.98%), National Taiwan University School of Pharmacy Alumni Association, North America (12.93%), Anonymous (7.60%), Development Center for Biotechnology (7.45%), Yi Fan Charity Foundation (4.56%), Alumni Association of North America (4.39%), Anonymous (3.80%), Anonymous (3.80%), T.H. Wu Foundation (2.28%), Yung-Shun Chen (1.74%)

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased."

Note 4: The statistics are gathered based on the roster of donors making donation (payment) to Ching-Kang Foundation for Pharmacy Promotion (from January 1, 2024 to December 31, 2024). Some of the donations are made in USD, and the exchange rate is based on the average price of NTD to USD exchange rate, 32.11, in 2024. Further, in case of some donors under the same name or anonymous, those anonymous are prioritized according to the individual donated amount. Those under the same name are prioritized based on the cumulative method. The actual donation ratio shall be determined subject to the data of the Ching-Kang Foundation for Pharmacy Promotion.

3. Professional qualifications of directors and independence of independent directors:

Requirement	Professional qualifications and experience (Note 1)	Independence of independent directors (Note 2)	No. of independent directorships served for other public companies
Name			
KAO's Development Co., Ltd. Director representative: Yu-Jen Kao			0
KAO's Development Co., Ltd. Director Representative: Ssu-Fu Kao			0
KAO's Development Co., Ltd. Director representative: Ming-Kung Huang			1
Euroc Investment and Development Co., Ltd. Director representative: Mei-Li Tsai	(Note 3): No circumstances with any director as described in Article 30 of the Company Act	Not applicable	0
21st Century Foundation Director representative: Cheng-Hu Chou			1
Protegas Futuro Holdings, LLC Director Representative: An Van Nguyen			0
Ri Yue Kao Investment Co., Ltd. (Note 1)			0
Independent Director: Yuan-Chuan Li		All independent directors meet the following circumstances: 1. Not an employee of the Company or its affiliated enterprise 2. Not a director or supervisor of the Company or its affiliated enterprise 3. Not a natural-person shareholder with at least 1% of the Company's total number of shares in issuance or a top ten natural-person shareholder based on the shares held in person, by the spouse, minor children or under another person's name	0
Independent Director: Tzu-Ping Jen			1
Independent Director: Yi-Hsiung Su			0

Name	Requirement	Professional qualifications and experience (Note 1)	Independence of independent directors (Note 2)	No. of independent directorships served for other public companies
Independent Director: Shu-Hua Chiu			<p>4. Not the spouse, a relative within two degrees of kinship or a linear relative within three degrees of kinship to a manager listed in (1) or a person listed in (2) or (3)</p> <p>5. Not a direct shareholder with at least 5% of the Company's total number of shares in issuance; not a top five shareholder; or a director, supervisor or employee of the legal-person shareholder who is a director or supervisor of the Company, according to Article 27-1 or Article 27-2 of the Company Act</p> <p>6. Not a director, supervisor or employee of another company with more than half of the board seats or voting shares owned by the Company or controlled by the same person</p> <p>7. Not a director, supervisor or employee or the spouse of a director, supervisor or employee within another company or an organization whose Chairman, President or a person of an equivalent post is the same as the Company's</p> <p>8. Not a director, supervisor, manager or a shareholder with at least 5% stakes of a specific company or organization with financial or business dealings with the Company</p> <p>9. Not a business owner, partner, director, supervisor or manager or the spouse of a business owner, partner, director, supervisor or manager of a professional, sole proprietorship, partnership, company or organization that has provided auditing service to the Company or its affiliated enterprises or the compensations received totaled less than NT\$500,000 during the past two years for offering business, legal, financial, accounting services to the Company or its affiliated enterprises</p> <p>10. Not the spouse or a relative within two degrees of kinship with another director</p> <p>11. Not elected as government agency, legal person or its representative as described in Article 27 of the Company Act</p>	0

(Note 1) Ri Yue Kao Investment Co., Ltd. was elected as a juristic person.

Note 1: Please describe the professional qualifications and experience of individual directors. If an Audit Committee member is equipped with accounting or financial expertise, it is necessary to provide his/her accounting/finance background and work experience. Please also explain whether there are circumstances specified in Article 30 of the Company Act.

Note 2: Please describe the meeting of independence circumstances by independent directors. This includes but does not limit to whether the director, the spouse or a relative within two degrees of kinship acts as a director, supervisor or employee of the Company or an affiliated enterprise; whether the director, the spouse or a relative within two degrees of kinship holds (or under another person's name) the Company's shares and the percentage of the shareholdings and serves as a director, supervisor or employee of a company with specific relations with the Company (according to Paragraphs 5 to 8 of Article 3-1 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and the compensations obtained by offering the Company or its affiliated enterprises business, legal, financial and accounting services during the past two years.

Note 3: Please refer to Page 3 for "Information on directors: principal work experience and academic qualifications, and positions held concurrently in the Company and in any other company."

4. Board diversity

(1) Board diversity policy and concrete management goals

① According to Article 22 of the Company's "Corporate Governance Best Practice Principles," the Board composition should take diversity into consideration. The following is the standard in relation to the Company's operations, operational pattern and development needs:

- I. Basic requirements and values: gender (at least one female director), age (no limitation) and nationalities (over two-thirds Taiwanese nationals) and culture.
- II. Professional knowledge and skillsets: professional background such as law (at least one seat), finance/accounting (at least two seats), industry (at least one seat), administration or management (at least two seats) and professional skillsets

② Concrete management goals are stated as follows:

- At least one director should be female.
- At least more than half of the directors are not spouses or relatives within two degrees of kinship to each other
- To appoint four independent directors pursuant to laws.

(2) Implementation of the Company's board diversity policy:

	Gender	Age distribution						Also employees	Industry/academic experience				
		40~49	50~59	60~69	70~79	80~89	90~99		Business	Finance/accounting	Law	Industry	Public administration
Yu-Jen Kao	Male						v		v	v	v	v	
Su-Fu Kao	Male		v					v	v			v	
Ming-Kung Huang	Male				v				v				v
Mei-Li Tsai	Female				v				v	v			
Cheng-Hu Chou	Male		v						v				v
An Van Nguyen	Male			v					v				
Ri Yue Kao Investment Co., Ltd.		Not applicable											
Yuan-Chuan Li	Male					v			v			v	v
Tzu-Ping Jen	Male				v				v				
Yi-Hsiung Su	Male					v			v	v			
Shu-Hua Chiou	Female				v				v				v

(3) Achievement of the Company's Board diversity policy is stated as follows:

Item	Achieved or not
Gender (at least one female director)	Yes
Age (no limitation)	Yes
Nationalities (at least two thirds of Taiwanese nationals)	Yes
Legal background (at least one seat)	Yes
Finance/accounting background (at least two seats)	Yes
Industry background (at least one seat)	Yes
Administration or management background (at least one seat)	Yes

(4) The Company's female directors account for less than one-third of the Board members, and the planned countermeasures are stated as follows:

- ① The Company's "Corporate Governance Best Practice Principles" specify that the Board of Directors shall possess 8 full abilities. Its members shall be elected from the talents recommended by various sectors in terms of the gender, age, nationality, culture, law, finance and accounting, industry, administration or management, and professional skills, in order to enable the Board of Directors to direct the Company's strategy, supervise the management, fulfill the responsibility to the Company and shareholders, and complete all operations and arrangements of the corporate governance system, and exercise its powers to meet the needs of the Company. The directors elected from the current election are

familiar with the knowledge about the industry in which the Company operates and have sufficient experience, and most of them are still male. There are two female directors among the Company's Board of Directors. In the future, the Company will promote the policy of increasing the percentage of female directors.

- ② In the future, the Company will continue to follow the policies set forth in the "Corporate Governance Best Practice Principles" to select suitable candidates for directors, and also refer to the "Independent Director Database" established by the Securities and Futures Institute of the Republic of China to find suitable talent. The Company will continue to uphold the attitude of proactiveness and dedication, and continue to implement diversified policy goals.

5. Independence of the Board of Directors

(1) Structure of the Board of Directors

The Company has formulated fair, open and just procedures for election and appointment of directors, in the principle of the protection of shareholders' rights and the fair treatment of shareholders and in adherence to the Company's Articles of Incorporation; Rule of Procedure for Election of Directors; and Practical Guidelines on Corporate Governance. Currently, the Board of Directors consists of four independent directors and seven non-independent directors. One is an employee/manager. Two directors are relatives within two degrees of kinship (Director Yu-Jen Kao and Director Ssu-Fu Kao are father and the son). This is in compliance with Subparagraphs 3 and 4, Paragraph 3 of Article 26 of the Securities and Exchange Act.

(2) Board independence:

The Company's Board of Directors emphasizes independence and transparency. All directors and independent directors are independent entities in the exercise of power. The four independent directors also observe relevant laws and regulations in the exercise of power as independent directors and Audit Committee. This includes the establishment or amendment of the internal control system; review of the internal control system effectiveness; establishment or amendment of the important financial and business procedures such as asset acquisitions or disposals; transaction of derivatives; lending to others; providing endorsements or guarantees for others; matters associated with directors' own interest; transaction of significant assets or derivatives; major loans; offering of endorsements or guarantees; issuance, offering or private placement of equity securities; authorization, dismissal and fees of external accountants; appointment and dismissal of finance, accounting or internal audit supervisors; and annual financial reports, etc. According to the Company's performance assessment system on the Board of Directors, self-assessments by the Board of Directors and individual directors are conducted once a year, to review the performance of the Board of Directors and to ensure its independence.

(II) Information on President, Vice Presidents, Assistant Vice Presidents, and managers of all divisions and branches

April 12, 2025

Job Title (Note 1)	Nationality	Name	Gender	Appointment (onboarding) date	Shareholding		Shares held by the spouse and minor children		Shares held under other's names		Experience and education (Note 2)	Roles assumed with other companies	Manager who is the spouse or a relative within two degrees of kinship			Remarks (Note 3)
					No. of shares (Note 4)	Shareholding percentage (Note 5)	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage			Title	Name	Relation	
President	Republic of China	Su-Fu Kao	Male	January 1, 2010	810,125 (Note 4)	2.01% (Note 5)	23,552	0.05%	-	-	NYU Stern School of Business, U.S.	Director of a subsidiary	Chairman	Yu-Jen Kao	Father and son	(Note 3)
Senior Vice President, Vice President's Office	Republic of China	Meng-Yang Lu	Male	June 8, 2009	2,165	0.01%	-	-	-	-	Graduate Institute of Electrical Engineering, National Taiwan University	-	-	-	-	-
Sales & Marketing Division	Republic of China	Heng-Chia Wang	Female	July 9, 2018	7,278	0.02%	306	0.00%	-	-	Graduate Institute of Technology Management, National Chengchi University	President of a subsidiary	-	-	-	-
Assistant Vice President, Product Supply Division	Republic of China	Hsiao-Chien Chang	Female	September 1, 2020	-	-	-	-	-	-	Department of International Business, National Taiwan University	-	-	-	-	-
Assistant Vice President, R&D Division	Republic of China	Tao-Ming Chang	Male	March 1, 2012	-	-	-	-	-	-	Graduate Institute of Information Science, National Chiao Tung University	-	-	-	-	-
Assistant Vice President, Administration, Finance & Accounting Department	Republic of China	Liang-Ching Tsai	Female	June 8, 2009	19,376	0.05%	-	-	-	-	Law School, University of Notre Dame, US	-	-	-	-	-
Assistant Vice President, Finance & Accounting Department	Republic of China	Hung-Jung Wang	Male	April 1, 2022	7,000	0.02%	-	-	-	-	Graduate Institute of Accounting, National Taipei University	-	-	-	-	-
Assistant Vice President, System Engineering Department	Republic of China	Bin-Ren Lai	Male	January 1, 2010	-	-	-	-	-	-	Graduate Institute of Earth Science, National Central University	-	-	-	-	-
Assistant Vice President, Mechanical Engineering Department	Republic of China	Wen-Chin Chu	Male	September 2, 2019	-	-	-	-	-	-	Graduate Institute of Industrial Design, Tatung University	-	-	-	-	-
Assistant Vice President, Procurement Department	Republic of China	Kun-Tsang Hsien	Male	January 1, 2010	-	-	-	-	-	-	Department of Economics, Chinese Culture University	President of a subsidiary	-	-	-	-
Assistant Vice President, Quality Assurance Department	Republic of China	Jung-Piao Wu	Male	April 8, 2024	-	-	-	-	-	-	Graduate Institute of Electronic and Computer Engineering, National Taiwan University of Science and Technology	-	-	-	-	-
Assistant Vice President, Manufacturing Department	Republic of China	Mao-Tsun Chen	Male	January 1, 2010	3	0.00%	-	-	-	-	Department of Engineering Science, National Cheng Kung University	-	-	-	-	-

Note 1: Disclosure is required on President, Vice Presidents, Assistant Vice Presidents, and managers of all divisions and branches and any position equivalent to President, Vice Presidents, Assistant Vice Presidents, regardless of titles.

Note 2: Experience related to the current position(s). In case of work experience with the accounting firm offering external audit services or its affiliated companies during the aforesaid period includes, it is necessary to describe job positions and responsibilities.

Note 3: The Company's Chairman and President are relatives within one degree. To enhance operational efficiency and implementation of decisions, Chairman sets the directions and oversees the management. Equipped with business management expertise, President leads the management in implementation in accordance with the management philosophy. Chairman and President fully communicate with directors regarding corporate operation, plans and guidelines. All is reasonable and essential. The Company has four independent directors and more than half of directors do not serve as an employee or manager. This fulfills the Board of Directors' responsibility in supervision and adheres to the spirit of corporate governance.

Note 4: The number of share consists of 810,114 shares and 11 preferential shares.

Note 5: The shareholding percentage consists of 2.01% for ordinary shares and 0% for preferential shares.

II. Remuneration to Directors, President and Vice Presidents during the most recent fiscal year

(I) Remuneration to general directors and independent directors

Unit: Thousand New Taiwan Dollars																
Title	Name	Directors' Remuneration						Sum of A, B, C and D to Net Income (%)		Relative remuneration received as an employee concurrent				Sum of A, B, C, E, F and G to Net Income (%)		Remuneration from ventures other than subsidiaries
		Base Compensation (A)		Severance Pay and Pensions (B)		Directors Compensation (C) (Note 2)		Allowances (D)		Salary, Bonuses, and Allowances (E)	Severance Pay and Pensions (F)		Remuneration to Employee (G)(Note 2)	All companies covered by the financial statements	The Company	

Title	Name	Directors' Remuneration						Relative remuneration received as an employee concurrent				Sum of A, B, C and D to Net Income (%)		Sum of A, B, C, E, F and G to Net Income (%)		Remuneration from ventures other than subsidiaries	
		Base Compensation (A)		Severance Pay and Pensions (B)		Directors Compensation (C) (Note 2)		Allowances (D)		Sum of A, B, C and D to Net Income (%)	Salary, Bonuses, and Allowances (E)	Severance Pay and Pensions (F)	Remuneration to Employee (G)(Note 2)	All companies covered by the financial statements	The Company		
Directors	Representative of the 21st Century Foundation: Cheng-Hu Chou	All companies covered by the financial statements	240	-	463	463	25	0.44	-	-	-	-	-	-	0.44	0.44	None
		The Company	240	-	463	463	25	0.44	-	-	-	-	-	-	0.44	0.44	None
Directors	Representative of Ri Yue Kao Investment Co., Ltd.: Shu-Hui Chang, etc. (Note 1)	All companies covered by the financial statements	240	-	463	463	25	0.44	-	-	-	-	-	-	0.44	0.44	None
		The Company	240	-	463	463	25	0.44	-	-	-	-	-	-	0.44	0.44	None
Directors	Representative of Protegas Futuro Holdings, LLC: An Van Nguyen	All companies covered by the financial statements	240	-	463	463	25	0.44	-	-	-	-	-	-	0.44	0.44	None
		The Company	240	-	463	463	25	0.44	-	-	-	-	-	-	0.44	0.44	None
Independent Director	Yuan-Chuan Li	All companies covered by the financial statements	240	-	463	463	80	0.48	-	-	-	-	-	-	0.48	0.48	None
Independent Director	Tzu-Ping Jen	All companies covered by the financial statements	240	-	463	463	80	0.48	-	-	-	-	-	-	0.48	0.48	None
Independent Director	Yi-Hsiung Su	All companies covered by the financial statements	240	-	463	463	85	0.48	-	-	-	-	-	-	0.48	0.48	None
Independent Director	Shu-Hua Chiou	All companies covered by the financial statements	240	-	463	463	55	0.46	-	-	-	-	-	-	0.46	0.46	None

Note 1: The Company appointed Shu-Hui Chang and Ling-Feng Chang as representatives of the corporate director of Ri Yue Kao Investment Co., Ltd.. The amount in this table is the total amount of remuneration paid to Ri Yue Kao Investment Co., Ltd.

Note 2: It is estimation.

(II) Remuneration to President and Vice President

Unit: Thousand New Taiwan Dollars

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Remuneration Paid to Employees (D)				Sum of A, B, C and D to Net Income (%)		Remuneration from ventures other than subsidiaries	
		The Company	All companies covered by the financial statements	The Company	All companies covered by the financial statements	The Company	All companies covered by the financial statements	The Company		All companies covered by the financial statements		The Company	All companies covered by the financial statements	None	None
								Cash amount (Note 2)	Amount of shares	Cash amount (Note 2)	Amount of shares				
President	Su-Fu Kao	4,695	4,695	108	108	2,332	2,332	850	-	850	-	4.85	4.85		
Vice President	Meng-Yang Lu	3,562	3,562	108	108	980	980	550	-	550	-	3.16	3.16		

Note 1: Total salary and pensions for 2024 of the president's driver were NT\$1,127 thousand.

Note 2: It is an estimation.

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

Title	2023 Percentage of remuneration paid by the Company and by each other company included in the consolidated financial statements to directors, president, and vice president to net income		2024 Percentage of remuneration paid by the Company and by each other company included in the consolidated financial statements to directors, president, and vice president to net income	
	The Company	All companies covered by the financial statements	The Company	All companies covered by the financial statements
Directors	24.66%	24.66%	19.17%	19.17%
President and vice president				

The remuneration paid to the above mentioned persons has been reviewed by the Company's Compensation Committee referring to the Articles of Incorporation, Guidelines for Performance Appraisal, Table of Grades of Salary of Job Level, and the typical pay levels adopted by peer companies, proposed to Board of Directors taking into consideration the following factors for performance appraisal, and resolved by the Board of Directors.

Title	Appraisal Items
Directors	<ol style="list-style-type: none"> 1. Master in the goals and missions of the Company 2. Understanding of the responsibilities of a director 3. Degree of involvement in company operation 4. Management of internal relationship and communication 5. Proficiency of a director and continuing education 6. Internal control
President and vice president	<ol style="list-style-type: none"> 1. Department management performance 2. Planning ability 3. Teamwork and cross departmental communication 4. Special contribution

III. Functioning of corporate governance

(I) Functioning of the Board of Directors

The Board convened five meetings (A) during the most recent year. Attendance by Directors is shown below:

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (B/A) (Note 2)	Remarks
Chairman	KAO's Development Co., Ltd. Representative: Yu-Jen Kao	5	0	100%	-
Directors	KAO's Development Co., Ltd. Representative: Ssu-Fu Kao	5	0	100%	-
Directors	KAO's Development Co., Ltd. Representative: Ming-Kung Huang	5	0	100%	-
Directors	Euroc Investment and Development Co., Ltd. Representative: Mei-Li Tsai	5	0	100%	-
Directors	Representative of the 21st Century Foundation: Cheng-Hu Chou	2	3	40%	-
Directors	Ri Yue Kao Investment Co., Ltd.	5	0	100%	Elected as a juristic person
Directors	Protegas Futuro Holdings, LLC Representative: An Van Nguyen	0	5	0%	The foreign juristic person directors were unable to come to Taiwan as they lived overseas and, therefore, appointed other directors to attend the meeting on behalf of them.
Independent Director	Yuan-Chuan Li	5	0	100%	-
Independent Director	Tzu-Ping Jen	5	0	100%	-
Independent Director	Yi-Hsiung Su	5	0	100%	-
Independent Director	Shu-Hua Chiou	4	1	80%	

Other matters that should be noted:

- I. In case of any of the following circumstances with the functioning of the Board of Directors, it is necessary to provide the board meeting dates, sessions, agendas, opinions from all Independent Directors and the ways the Company handles such opinions:
 - (I) Matters specified in Article 14-3 of the Securities and Exchange Act: Article 14-3 of the Securities and Exchange Act is not applicable as the Company has established Audit Committee. Please refer to the section "Functioning of Audit Committee" in this annual report.
 - (II) Other than the aforesaid circumstances, any resolutions passed by the Board of Director for which Independent Director(s) have expressed dissenting opinions or such dissenting opinions were recorded or prepared as a written declaration: None
- II. For any recusal by directors from proposals due to conflict of interest, it is necessary to provide the names of directors, proposal contents, reasons for the required recusal and participating in voting: None.
- III. A TWSE/TPEx listed company should disclose the cycle, period, scope, method and contents of self-assessments (or peer assessments) of the Board of Directors and fill in Table 2 (2) for the implementation of Board assessments.
- IV. Objectives in enhancement of Board functions (e.g., establishment of Audit Committee and improvement of information transparency) and assessment of implementation during the current year and the most recent year:

(I)	Independent directors, Audit Committee, Remuneration Committee and Sustainable Development Committee are established as required to drive corporate governance policies by working with competent authorities. The purpose is to enhance internal oversight and management and strengthen the functioning of the Board of Directors.
(II)	Information transparency, online reporting and disclosure of corporate governance information: The Company follows relevant laws on information transparency by reporting important information via Market Observation Post System (MOPS) to ensure timely disclosure of information that may influence the decisions by shareholders and stakeholders. The Company also discloses information regarding corporate governance within the year via its corporate website, in adherence to the spirit of corporate governance.

Note 1: If a director or supervisor is a juristic person, it is necessary to disclose the name of the legal-person shareholder and the name of the representative.

Note 2:

- (1) If any director or supervisor has departed before the year end, the departure date should be noted in the Remark column. The attendance rate (%) is calculated by dividing the number of meetings convened by the Board of Directors when the member was in service with the number of meetings attended.
- (2) In case of any bi-election of any director or supervisor before the year end, the previous director/supervisor and the new director/supervisor should both be listed. Whether a director/supervisor was pre-existing or is new and the date of the new appointment or by-election should be noted in the Remark column. The attendance rate (%) is calculated by dividing the number of meetings convened by the Board of Directors when the member was in service with the number of meetings attended.

(I-I) Implementation of the assessment on the Board of Directors

Assessment cycle	Assessment period	Assessment scope	Assessment method	Assessment content
Once a year	January 1, 2024 to December 31, 2024	Board of Directors	Internal self-assessment by the Board of Directors	Degree of involvement in company operation; quality enhancement of decisions by the Board of Directors; Board composition and structure; director election and continuing education and internal control
Once a year	January 1, 2024 to December 31, 2024	Individual directors	Self-assessment by directors	Understanding of company goals and missions; acknowledgement of a director's responsibility; degree of involvement in company operation; management and communication of internal relations; a director's professionalism and continuing education; and internal control

Note 1: Assessment cycle of assessments on the Board of Directors, such as once a year

Note 2: The period covered by the assessment on the Board of Directors, e.g., the assessment of the Board's performance from January 1, 2019 to December 31, 2019.

Note 3: The scope of assessments includes performance reviews on the Board of Directors, individual directors and functional committees.

Note 4: The assessment methods include self-assessments by the Board of Directors, self-assessments by directors, peer assessment or performance review by commissioning external organizations, experts or in other appropriate means.

Note 5: Assessment content should at least include the following:

- (1) Performance appraisal on the Board of Directors: Participation in the operation of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control.
- (2) Performance appraisal on individual members: At least including the alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.
- (3) Performance appraisal on functional committees: The participation in the operation of the Company, awareness of the duties of the functional committee, quality of decisions made by the functional committee, composition of the functional committee and election of its members, and internal control.

(II) Functioning of Audit Committee

1. Audit Committee convened five meetings (A) during the most recent year. Attendance by independent directors is shown below:

Title	Name	Attendance in person (B)	Attendance rate in person (%) (B / A) (Note 1, Note 2)	Remarks
Independent Director	Yuan-Chuan Li	5	100%	-
Independent Director	Tzu-Ping Jen	5	100%	-
Independent Director	Yi-Hsiung Su	5	100%	-
Independent Director	Shu-Hua Chiou	5	100%	

Other matters that should be noted:

- I. In case of any of the following circumstances with the functioning of Audit Committee, it is necessary to provide the Audit Committee meeting dates; sessions; agendas; objections, reservations or significant suggestions from independent directors; decisions by Audit Committee, and the ways the Company handles such opinions.
 - (I) Matters specified in Article 14-5 of the Securities and Exchange Act

Sessions and dates of Audit Committee meetings	Proposals and responses in relation to the matters listed in Article 14-5 of the Securities and Exchange Act	Objections, reservations or significant suggestions from independent directors	Decisions by Audit Committee	The Company's responses to Audit Committee's opinions
3rd meeting of the 2nd Committee March 11, 2024	Passed the Company's 2023 business report.	None	Unanimous approval by all attending members	(Note 3)
	Passed the Company's 2023 financial statements (parent company only and consolidated financial statements).	None	Unanimous approval by all attending members	(Note 3)
	Passed the Company's 2023 earnings distribution plan.	None	Unanimous approval by all attending members	(Note 3)
	Passed the Company's 2023 issuance of new shares for the capital increase out of earnings.	None	Unanimous approval by all attending members	(Note 3)
	Passed the Company's design of 2023 internal control system and implementation of the effectiveness review	None	Unanimous approval by all attending members	(Note 3)
	Passed the Company's appointment of external auditors and remuneration to them for 2024	None	Unanimous approval by all attending members	(Note 3)
	Approval of the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending	None	Unanimous approval by all attending members	(Note 3)
4th meeting of the 2nd Committee May 10, 2024	Passed the Company's 2024 Q1 consolidated financial statements	None	Unanimous approval by all attending members	(Note 3)
	Approval of the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending	None	Unanimous approval by all attending members	(Note 3)
5th meeting of the 2nd	Passed the Company's 2024 Q2 consolidated financial	None	Unanimous approval by all	(Note 3)

Committee August 9, 2024	statements		attending members	
	Approval of the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending	None	Unanimous approval by all attending members	(Note 3)
6th meeting of the 2nd Committee November 12, 2024	Passed the Company's 2024 Q3 consolidated financial statements	None	Unanimous approval by all attending members	(Note 3)
	Passed the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending	None	Unanimous approval by all attending members	(Note 3)
7th meeting of the 2nd Committee December 25, 2024	Passed the amendments to "Regulations Governing Internal Control System" and Enforcement Rules of Internal Audit.	None	Unanimous approval by all attending members	(Note 3)
	Passed the assessment on the independence and suitability of the Company's external auditors	None	Unanimous approval by all attending members	(Note 3)

(II) In addition to the aforesaid matters, any matters not approved by Audit Committee but resolved by over two thirds of directors: None.

II. For any recusal by independent directors from Audit Committee meetings and proposals due to conflict of interest, it is necessary to provide the names of independent directors, proposal contents, reasons for the required recusal and participating in voting: None

III. Independent directors' communication with internal auditing managers and external accountants (e.g., regarding the key issues, methods and outcomes of the Company's financials and business)

(I) Internal auditing managers present audit reports to independent directors each month, communicate and exchange views with independent directors about the reported content and company operation. If independent directors have any concern over corporate functioning, they seek explanations and answers from auditing managers.

(II) If independent opinions have any opinion about financial information, they contact external accountants directly for details.

Note 1: If any independent director has departed before the year end, the departure date should be noted in the Remark column. The attendance rate (%) is calculated by dividing the number of meetings convened by Audit Committee when the member was in service with the number of meetings attended.

Note 2: In case of any bi-election of any independent director before the year end, the previous independent director and the new independent director should both be listed. Whether an independent was pre-existing or is new and the date of the new appointment or by-election should be noted in the Remark column. The attendance rate (%) is calculated by dividing the number of meetings convened by Audit Committee when the member was in service with the number of meetings attended.

Note 3: The Board of Directors has agreed to the professional opinions from the Audit Committee members.

(II-I) Assessments on Audit Committee

Assessment cycle	Assessment period	Assessment method	Assessment content	Assessment result	Date of reporting to Board of Directors
Once a year	January 1, 2024 to December 30, 2024	Internal self-assessment by Audit Committee	Degree of involvement in company operation	Meetings were convened periodically and the attendances were good. Notices and proposals were received before meetings. All members contributed to the meetings.	December 30, 2024
			Understanding of Audit Committee's responsibilities	All duties were clearly and appropriately defined. All existing and potential risks were properly assessed and monitored. Timely, professional and objective advice was provided to the Board of	

Assessment cycle	Assessment period	Assessment method	Assessment content	Assessment result	Date of reporting to Board of Directors
				Directors for deliberation and decision-making. Full communication and sharing was carried out with external accountants.	
			Enhancement of Audit Committee's decision quality	The Company provided Audit Committee with comprehensive and timely information of certain quality, so that Audit Committee could perform duties smoothly. The Company's proposals submitted to Audit Committee for discussions and decisions were appropriate. There was ample time during meetings for discussion. If any member needed to recuse from a related proposal due to conflict of interest, the member did reuse. Details were recorded in meeting minutes. Periodical and efficient performance reviews were carried out.	
			Composition and member appointment of Audit Committee	The composition of members is appropriate and equipped with the professionalism required for decision-making. Members have maintained independence whilst in service.	
			Internal control	Effective assessment and monitoring of the effectiveness of all internal control systems and risk management The approved internal control system consists of five elements/principles and covers the control process of all operating activities and transaction cycles. Understanding and supervision of the Company's accounting system, financial status, financial reporting, audit reports and follow-ups	

(III) Functioning of corporate governance, differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasonable for such differences

Assessment items	Functioning status (Note)		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasonable for such differences
	Yes	No	
I. Has the Company established and disclosed its practical guidelines on corporate governance, in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		No significant difference
II. Ownership structure and shareholders' equity			
(I) Has the Company established internal procedures for handling of suggestions/concerns from and disputes/litigations with shareholders, and implemented such procedures accordingly?		✓	No significant difference
(II) Does the Company have the list of ultimate controlling shareholders and the ultimate controllers of major shareholders?	✓		
(III) Has the Company established and implemented risk control and firewalls with affiliated enterprises?	✓		
(IV) Has the Company established internal regulations to prohibit insiders from trading marketable securities by using non-public information?	✓		
III. Composition and responsibility of Board of Directors			
(I) Has the Board of Directors established a diversity policy, management targets and implemented accordingly?	✓		No significant difference

Assessment items	Functioning status (Note)		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasonable for such differences
	Yes	No	
			and skillsets are met. The Company has established the Remuneration Committee and Audit Committee. In 2024, it established the Sustainable Development Committee responsible for practicing the Company's sustainable development goals and improving the sustainable governance, and effectively monitor the company operation in response to the functioning of the Board of Directors.
(II) In addition to Remuneration Committee and Audit Committee required by laws, has the Company voluntarily established other functional committees?	✓		The Company has established the guidelines on performance assessment of the Board of Directors and assessment methods. Legal Department is responsible for implementation. Performance assessments are conducted once per year. The 2024 assessment results have been submitted to the 11th meeting of the 14th Board, as the reference to the nomination and election of the next board. Performance assessment results of individual directors also serve as a reference for remuneration.
(III) Has the Company established the Board performance assessment guidelines and methods, conducted performance reviews once a year and provided the assessment results to the Board, as a reference for remunerations and re-election nominations of individual directors?	✓		Regularly assess the independence and suitability of the appointed CPAs by referring to the audit quality indicators (AQIs) once a year.
(IV) Has the Company periodically assessed the independence of external accountants?	✓		Legal Department is responsible for all corporate governance matters. Corporate Governance Officer has been appointed to organize board meetings and shareholders' meetings; produce minutes for board meetings and shareholders' meetings; assist the onboarding and continuing education of directors; provide data required for performance of directors; help directors in compliance; report to the Board of Directors whether the qualifications of independent directors nominated, elected and in service meet relevant laws and regulations; proceed with changes of directors and other matters according to the Articles of Incorporation or contracts. The Chief Corporate Governance Officer has completed the continuing education for 12 hours in 2024.
IV. Has the TWSE/TPEX listed company allocated a suitable number of qualified corporate governance officers and appointed Corporate Governance Supervisor to take charge of corporate governance matters (including but not limited to provision of data required for functioning of Directors and Supervisors; assistance to Directors and Supervisors in compliance; organization of board meetings and shareholders' meeting according to laws; and production of minutes for board meetings and shareholders' meeting)?	✓		No significant difference

Assessment items	Functioning status (Note)		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasonable for such differences
	Yes	No	
V. Has the Company established the communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), constructed a stakeholder section on the company website and appropriately responded to corporate social responsibility issues pertinent to stakeholders?	✓		No significant difference
VI. Whether the Company has commissioned a stock transfer agency to handle shareholders' meetings?	✓		No significant difference
VII. Information disclosure			
(I) Has the Company established a website to disclose financial and corporate governance information?	✓		No significant difference
(II) Has the Company adopted other information disclose methods (such as English-language website; appointment of dedicated personnel for collection and disclosure of corporate information; the spokesperson system; uploading capital market event presentations on the company website)?	✓		No significant difference
(III) Does the Company announce and file its annual financial reports within two months after the end of a financial year and announce and file its first, second and third quarterly financial reports and monthly revenues before deadlines?		✓	No significant difference
VIII. Is there any other important information that helps to understand the Company's corporate governance functioning (including but not limited to employees' rights; employees' care; investor relations; supplier relations; stakeholders' rights;	✓		No significant difference

Assessment items	Functioning status (Note)		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasonable for such differences
	Yes	No	
continuing education of Directors and Supervisors; risk management policies, measurements and implementations; implementation of customer policies; and purchase of liability insurance for Directors and Supervisors)?		<p>(II) Regular health checks are arranged. Employees' Welfare Committee meetings and labor relations meetings are convened periodically to protect employees' rights.</p> <p>(III) Investor relations</p> <p>(IV) The Company discloses corporate information according to laws and organizes capital market events to protect the fundamental rights of investors and fulfills the duty to shareholders.</p> <p>(V) Supplier relations</p> <p>(VI) The Company has established Procurement Department to manage suppliers related matters.</p> <p>(VII) Stakeholders' rights</p> <p>(VIII) The Company has established a spokesperson system to be dedicated to handling this and fulfill the responsibility with respect to stakeholders' rights.</p> <p>(IX) Continuing education of directors</p> <p>(X) The participation by the Company's directors in courses organized by professional institutions is disclosed on Market Observation Post System (MOPS).</p> <p>(XI) Implementation of risk management policy and risk measurements</p> <p>(XII) The Company has established a risk management policy and procedure. Each department comes up with countermeasures to address significant risks. Regular review meetings are convened. Implementation results and effectiveness of risk measures are examined, to ensure the Company has achieved its risk management targets. The outcome of risk measures indicates that risks have reached an acceptable level.</p> <p>(XIII) Implementation of customer policy</p> <p>(XIV) The Company maintains good communication and relations with customers. Hence, the customer policy is</p>	

Assessment items	Functioning status (Note)		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasonable for such differences
	Yes	No	
			<p>well implemented.</p> <p>(VIII) Directors discuss and speak up at board meetings and recuse from proposals in presence of conflict of interest.</p> <p>(IX) Purchase of liability insurance for directors</p> <p>The Company renewed the liability insurance in June 2024 with coverage of US\$1 million for directors and key employees.</p>
IX. Please describe the improvements to date and the measures to address priority issues outstanding according to the corporate governance evaluation results for the most recent year published by TWSE Corporate Governance Center. (Not required if the Company is not assessed.)			
(I) The Company has made the following improvements based on the 2023 evaluation results:	2023 Corporate Governance Evaluation Results		
Does the Company upload the parliamentary handbook and supplementary information about the meetings within 30 days prior to the annual general meeting?	The corrective action has been taken.		
Are the interim financial reports of the Company approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution?	The Company has taken the corrective action.		
Does the Board of Directors regularly (at least once a year) review the independence and suitability of the external auditors who perform the audit function, and disclose the procedures in detail in the annual report?	The Company's interim financial statements have been approved by the Audit Committee and submitted to the Board of Directors for discussion and resolution.		
Does the Company voluntarily disclose the remuneration to individual directors in its annual report?	The Company has disclosed the evaluation procedure in the annual report.		
Does the Company voluntarily disclose the remuneration to the president and vice president in its annual report?	The Company has disclosed the remuneration to individual directors in the annual report.		
Does the Company prepare and upload the sustainability report in accordance with the GRI Standards published by the Global Reporting Initiative (GRI) on the MOPS and the Company's website by the end of September? [If the sustainability report has been prepared in accordance with SASB, the total score will be added one score for the disclosure of ESG information.]	The Company has disclosed the remuneration to the president and vice president in the annual report.		
	The Company has established and uploaded the 2023 Sustainability Report in accordance with the GRI Standards on the MOPS and the Company's website, and disclosed the ESG information in accordance with the SASB Standards.		

Assessment items	Functioning status (Note)		Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasonable for such differences
	Yes	No	
Have the sustainability report prepared by the Company been assured or certified by a third party?			The Company has completed the 2023 sustainability report and passed the certification and verification of GREAT International Certification Co., Ltd.. The Company was issued an independent assurance statement on August 14, 2024.
Does the Company upload the English version of the Sustainability Report on the MOPS and the Company's website?			The Company has uploaded the Chinese and English versions of the Sustainability Report on the Company's website.
Has the Company calculated the GHG emissions, water consumption and total waste weight during the past two years?			The Company has disclosed the water consumption and total waste weight in the past two years on the Company's website.
Does the Company disclose the supplier management policies formulated by the Company on the Company's website or in the annual report or sustainability report and ask suppliers to adhere to relevant regulations in environmental protection, occupational safety and health or labor rights? What is the implementation status?			The Company has put in place "Operating Procedure for Suppliers Management" to ensure the stability of materials in use. Supplier assessments are regularly conducted, so that suppliers comply with regulations, green product requirements and the Company's specifications. The Company terminates or cancels cooperation on a timely basis with the suppliers not in adherence to Operational Procedure for Suppliers Management.
Does the Company follow the Task Force on Climate-Related Financial Disclosures (TCFD) to disclose the status, strategies, risk management, indicators and goals of the Company's governance of climate-related risks and opportunities?			The Company has prepared the 2023 Sustainability Report in accordance with the Task Force on Climate-Related Financial Disclosures (TCFD) framework, and disclosed the information on the governance of the Company's response to climate-related risks and opportunities, strategies, risk management, indicators and goals.
(II) Matters requiring further improvements as stated in the Corporate Governance Evaluation Result released in 2023 and the measures to be taken: The Company has assessed the corporate governance evaluation indicators that have not been improved, subject to the Company's current condition, in order to gradually improve the corporate governance image.			

Note: Summary and explanation should be provided whether Yes or No is selected for functioning status.

(IV) Composition, responsibility and functioning of Remuneration Committee:

1. Data on Remuneration Committee members

Requirement		Professional qualifications and experience (Note 2)	Independence (Note 3)	No. of Audit Committee memberships with other public companies
Identity (Note 1)	Name			
Independent Director (Convener)	Yuan-Chuan Li	Note 1	Note 2	0
Independent Director	Yi-Hsiung Su			0
Independent Director	Tzu-Ping Jen			1

Note 1: Please describe relevant work tenures, professional qualifications, experience and independence of individual Remuneration Committee members. Please refer to the contents in Table 1 Data of Directors and Supervisors (I) on Page OO and make a note for independent directors in the Remark section. In the Identity section, please indicate whether he/she is an independent director or not. (Please note if he/she is the convener.)

Note 2: Professional qualifications and experience: Please describe the professional qualifications and experience of individual Remuneration Committee members.

Note 3: Independence: Please describe the independence of each Remuneration Committee member, including but not limited to whether the member himself/herself, the spouse or a relative within two degrees of kinship serves as a director, supervisor or employee of the Company or its affiliated enterprises; the number of the Company shares and the percentage of shareholdings held by the member himself/herself, the spouse or a relative within two degrees of kinship (or under another person's name); whether the member himself/herself, the spouse or a relative within two degrees of kinship serves as a director, supervisor or employee of a company with specific relations with the Company (see Paragraphs 5 to 8 of Article 6-1 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Listed on the Taiwan Stock Exchange or the Taipei Exchange); and the amount of compensations received for offering business, legal, finance and accounting services to the Company and its related enterprises during the past two years.

Note 4: Please refer to the best practice provided at the website of TWSE Corporate Governance Center.

Note I: Please refer to Page 3 of the annual report for the "Information on directors: principal work experience and academic qualifications, and positions held concurrently in the Company and in any other company."

Note II: Please refer to Page 7 of the annual report for the "Professional qualifications of directors and independence of independent directors."

2. Remuneration Committee's responsibility:

- (1) Design and regular performance assessments on directors, independent directors and managers, as well as remuneration policies, systems, standards and structures
 - (2) Periodical assessment and determination of remuneration for directors, independent directors and managers
- Suggestions for (1)(2) forwarded to the Board of Directors for deliberation

3. Functioning of Remuneration Committee

- (1) The Company's Remuneration Committee consists of three members.
- (2) Term of office of the current members: From June 13, 2023 until June 12, 2026.
Remuneration Committee convened three meetings (A) during the most recent year. Qualifications and attendance of members are shown below:

Title	Name	Attendance in person (B)	Attendance by proxy	Attendance rate in person (%) (B / A) (Note)	Remarks
Convener	Yuan-Chuan Li	3	0	100%	-
Committee member	Yi-Hsiung Su	3	0	100%	-
Committee member	Tzu-Ping Jen	3	0	100%	-

Other matters that should be noted:

- I. If the Board of Directors did not adopt or amend the Remuneration Committee's suggestions, it is necessary provide the board meeting dates, sessions, agendas, the Board's resolutions and the ways the Company handles Remuneration Committee's opinions. (If the remuneration approved by the Board of Directors was better than what was advised by Remuneration Committee, it is necessary to describe the difference and the reason for such a difference.): none
- II. If any member has expressed dissenting opinions or reservation for Remuneration Committee's decisions and there was a record or a written statement, it is necessary provide the Remuneration Committee meeting dates, sessions, agendas, opinions from all members and the ways these opinions were handled.

Notes:

- (1) If any member of Remuneration Committee has departed before the year end, the departure date should be noted in the Remark column. The attendance rate (%) is calculated by dividing the number of meetings convened by Remuneration Committee when the member was in service with the number of meetings attended.
- (2) In case of any bi-election of any Remuneration Committee member before the year end, the previous member and the new member should both be listed. Whether a member was pre-existing or is new and the date of the new appointment or by-election should be noted in the Remark column. The attendance rate (%) is calculated by dividing the number of meetings convened by Remuneration Committee when the member was in service with the number of meetings attended.

(IV-I) Assessments on Remuneration Committee

Assessment cycle	Assessment period	Assessment method	Assessment content	Assessment result	Date of reporting to Board of Directors
Once a year	January 1, 2024 to December 30, 2024	Self-assessment by Audit Committee members	Degree of involvement in company operation	Meetings were convened periodically and the attendances were good. Notices and proposals were received before meetings. All members contributed to the meetings.	December 30, 2024
			Understanding of Remuneration Committee's responsibilities	All duties were clearly and appropriately defined. Timely, professional and objective advice was provided to the Board of Directors for deliberation and decision-making. Design and implementation of regular performance assessments on directors, independent directors and managers, as well as remuneration policies, systems, standards and structures.	
			Enhancement of Remuneration Committee's decision quality	The Company provided Remuneration Committee with comprehensive and timely information of certain quality, so that Remuneration Committee could perform duties smoothly. The Company's proposals submitted to Remuneration Committee for discussions and decisions were appropriate. There was ample time during meetings for discussion. If any member needed to recuse from a related proposal due to conflict of interest, the member did reuse. Details were recorded in meeting minutes. Periodical and efficient performance reviews were carried out.	
			Composition and member appointment of Remuneration Committee	The composition of members is appropriate and equipped with the professionalism required for decision-making. Members have maintained independence whilst in service.	
			Internal control	Effective understanding and monitoring of Remuneration Committee's functioning	

(V) Status of sustainable development, and deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and causes thereof

Initiative	Implementation status (Note 1)		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for such differences
	Yes	No	
I. Has the Company established a governance structure for sustainable development and put in place a dedicated (non-dedicated) sustainable development division? Has the Board of Directors authorized senior managers for handling and overseen the implementation? (A TWSE/TPEX listed company should provide the implementation status, not compliance or explanation.)	✓		<p>1. The Board of Directors of the Company approved the formulation of the Company's Sustainable Development Committee Charter and also the establishment of the Sustainable Development Committee in 2024. The Board of Directors is authorized to be responsible for performing the following matters and reporting the same to the Board of Directors.</p> <p>(1) Formulation, promotion and improvement of the Company's sustainable development policy, annual plan and strategy.</p> <p>(2) Implementation status and results of the review, tracking and revision of the implementation of sustainable development.</p> <p>(3) Supervision of the disclosure of sustainable information and review of the sustainable report.</p> <p>(4) Supervision of the Company's business or other matters related to the implementation of the Board of Directors' resolution on sustainable development.</p> <p>2. Implementation of the Sustainable Development Committee in 2024.</p> <p>(1) Passed the establishment of the Sustainable Development Work Promotion Team.</p> <p>(2) Passed the implementation status and results of the 2024 sustainable development.</p> <p>(3) Passed the schedule of the 2025 sustainability report.</p> <p>(4) Passed the formulation of the Company's Operating Procedure for Preparation and Certification (Assurance) of Sustainability Report.</p> <p>3. The Sustainable Development Work Promotion Team was established under the direction of the Sustainable Development Committee. One chairman was appointed for the Committee. The Team is divided into three groups, namely the Sustainable Environment Group, the Social Inclusion Group and the Corporate Governance Group, to ensure the promotion of sustainable development-related works.</p>
II. Has the Company conducted risk assessments in	✓		No significant difference
			No significant

Initiative	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences						
	Yes	No	Summary and explanation							
environmental, social and corporate governance issues, according to the materiality principle, and formulated relevant risk management policies or strategies? (Note 2) (A TWSE/TPEx listed company should provide the implementation status, not compliance or explanation.)			2. The Company has established a risk policy and procedure and adopts responses or control measures in advance and according to risk assessment results, to mitigate losses due to risks. Routine assessments of environmental, social and corporate governance risks are conducted and appropriateness of such assessments is examined in annual business reviews. The results are tracked regularly and incorporated into operational activities of each department, to achieve the Company’s business sustainability.	difference						
			3. Relevant risk policies or strategies are defined as follows on the basis of assessed risks:							
			<table><tr><th>Significant issues</th><th>Risk assessment items</th><th>Explanation</th></tr><tr><td>Environmental</td><td>Environmental impact and management</td><td>Compliance with all environmental regulations and formulation of environmental management procedures to confirm the effective implementation of the environmental management system</td></tr></table>		Significant issues	Risk assessment items	Explanation	Environmental	Environmental impact and management	Compliance with all environmental regulations and formulation of environmental management procedures to confirm the effective implementation of the environmental management system
	Significant issues	Risk assessment items	Explanation							
	Environmental	Environmental impact and management	Compliance with all environmental regulations and formulation of environmental management procedures to confirm the effective implementation of the environmental management system							
		<table><tr><td rowspan="2">Social</td><td>Occupational safety</td><td>1. Deployment of access control facilities, routine inspections of fire prevention facilities and emergency response equipment 2. Organization of employees’ health checks and classes in relation to labor safety and health, to ensure employees’ safety during work</td></tr><tr><td>Product safety</td><td>1. Products and services in adherence to relevant laws, regulations and international standards such as security</td></tr></table>	Social	Occupational safety	1. Deployment of access control facilities, routine inspections of fire prevention facilities and emergency response equipment 2. Organization of employees’ health checks and classes in relation to labor safety and health, to ensure employees’ safety during work	Product safety	1. Products and services in adherence to relevant laws, regulations and international standards such as security			
Social	Occupational safety	1. Deployment of access control facilities, routine inspections of fire prevention facilities and emergency response equipment 2. Organization of employees’ health checks and classes in relation to labor safety and health, to ensure employees’ safety during work								
	Product safety	1. Products and services in adherence to relevant laws, regulations and international standards such as security								

Initiative	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences
	Yes	No	Summary and explanation	
			<p>requirements and applications in different countries, RoHS (Restriction of Hazardous Substances Directive) and WEEE (Waste Electrical and Electronic Equipment Directive)</p> <p>2. The Company has established a customer care department, as a channel for customers to raise questions, complaints or suggestions. Proper responses are made in adherence to the principle of ethics to protect customers' rights.</p> <p>3. The Company has put in place “Operational Procedure for Suppliers Management” to ensure the stability of materials in use. Supplier assessments are regularly conducted, so that suppliers comply with regulations, green product requirements and company specifications. The Company terminates or cancels cooperation on a timely basis with the suppliers not in adherence to Operational Procedure for Suppliers Management.</p>	
	Corporate governance	Social, economic and	1. Effective implementation of the internal control system, to	

Initiative	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences
	Yes	No	Summary and explanation	
			<div>compliance</div> <div>ensure employees and all operations in compliance with laws and regulations 2. The Company applies for patents and registers trade marks for its products, to ensure the protection of its rights.</div> <div> <div>Communication with stakeholders</div> <div> 1. Annual analysis of key stakeholder issues to protect their legal rights 2. Establishment of a variety of communication channels and the conduct window to respond to the messages from stakeholders </div> </div>	
			4. The responsible unit reported the 2024 risk management policy and procedural implementation to the 9th meeting of the 14th Board of Directors.	
III. Environmental issues				
(I) Has the Company established a suitable environmental management system according to its industry characteristics?	✓		<p>Quality Assurance Department routinely updates the amendment of environmental regulations in Taiwan (including but not limited to Water Pollution Control Act; Waste Disposal Act; Drinking Water Management Act; Environmental Agents Control Act; and Restriction of the use of Hazardous Substance). Meanwhile, the Company has put in place environmental management processes such as Environmental Handbook; Education & Training Procedures; Documentation of Information Management Procedure; Management Procedure of Chemical Substances; Management Procedure of Energy Resources; Management Procedure of Waste; and Management Procedure of Wastewater, to ensure the effective implementation of the environmental management system. The Company has obtained the ISO14001:2015 environmental management system certification. This covers the design, development, marketing, sales, manufacturing, services and maintenance of notebook computers, industrial notebook computers and</p>	No significant difference

Initiative	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences								
	Yes	No	Summary and explanation									
			special-purpose notebook computers.									
(II) Has the Company strived to enhance the efficiency of energy consumption and the use of recycled materials with a low environmental impact?	✓		The Company has begun to evaluate the adoption of paper-based packaging materials, implement garbage sorting and recycling, introduce office energy-saving equipment, and continues to promote energy saving and carbon reduction. The Company also strictly manages and regularly treats the waste generated and minimizes the impact on the environment.	No significant difference								
(III) Has the Company assessed the potential risks and opportunities in climate change for now and the future and adopted countermeasures in relation to climate change?	✓		<p>The Company continues to assess the impact posed by the climate change currently and in the future (please refer to Page 41 of the annual report). Meanwhile, we are vigilant in the drive for energy efficiency and carbon reduction. We have implemented the following measures, including switching off lights whenever and wherever possible, to address climate issues.</p> <ol style="list-style-type: none">1. The temperature for office air-conditioners is set at 26~28℃, with electric fans in use at the same time.2. Computers are set to enter Hibernate mode for energy efficiency after 5~10 minutes of inactivity.3. Reduce the number of times opening and closing the refrigerator door.4. The last person that uses meal-box steamers is asked to shut down the electricity.5. Lights are switched off during the lunch break.6. Lights are switched off in sections after hours, to avoid the scenario where all lights are on with one or two people still at work.7. Colleagues are encouraged to switch off electricity wherever and whenever possible and unplug electric appliances not to be in use for a long while.8. The last person to leave the workplace is asked to turn off the water machine, and inspect and switch off all the lights.9. The central control room of the building where the Company is located turns off the central power after all people have left.	No significant difference								
(IV) Has the Company calculated GHG emissions, water consumption and total waste weight during the past two years and formulated policies for energy efficiency, carbon and GHG emission reduction, lower water consumption and management of other waste?	✓		<p>1. The Company voluntarily calculates its GHG emissions, water consumption and waste weight during the past two years as follows:</p> <table><tr><th></th><th>2022</th><th>2023</th><th>Scope of data</th></tr><tr><td>Total greenhouse gas emissions (Scope 1, Scope 2) (mt of CO₂e)</td><td>726.98</td><td>711.33</td><td>Taipei Office, Kaohsiung Plant, Durabook Americas Inc. and the subsidiaries in Luxembourg and Kunshan Lun Teng</td></tr></table>		2022	2023	Scope of data	Total greenhouse gas emissions (Scope 1, Scope 2) (mt of CO ₂ e)	726.98	711.33	Taipei Office, Kaohsiung Plant, Durabook Americas Inc. and the subsidiaries in Luxembourg and Kunshan Lun Teng	No significant difference
	2022	2023	Scope of data									
Total greenhouse gas emissions (Scope 1, Scope 2) (mt of CO ₂ e)	726.98	711.33	Taipei Office, Kaohsiung Plant, Durabook Americas Inc. and the subsidiaries in Luxembourg and Kunshan Lun Teng									

Initiative	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences								
	Yes	No	Summary and explanation									
			<table><tr><td>Water consumption (in million liters)</td><td>5,544</td><td>6,444</td><td>Taipei Office, Kaohsiung Plant, and Durabook Americas Inc.</td></tr><tr><td>Total waste weight(mt)</td><td>22,801</td><td>32,791</td><td>Kaohsiung Plant</td></tr></table> <p>Note: Based on the Company's 2023 Sustainability Report.</p> <p>2. We replace and upgrade equipment, install energy-efficient facilities and implement measures to save water and electricity. The increase in the variety and the channels of resources recycling has significantly reduced the volume of waste.</p> <p>3. Although the Company has strengthened water conservation measures for many times in 2023, the increase in the Company's business scale and manpower has led to an increase in the amount of water used for daily life compared to that in 2022. In the future, the Company will actively implement the water-saving measures established, continue to promote water conservation, and strive to achieve the annual goal of reducing water consumption by 1% per year.</p> <p>4. Meanwhile, the total amount of waste in 2023 increased from 2022, mainly due to the business growth and the increase in personnel. In order to improve this situation, the Company will strengthen supervision, continue to promote environmental protection policies, and implement measures such as garbage sorting and recycling. Meanwhile, we encourage our colleagues to reduce the use of disposable cutlery and use disposable cutlery to reduce waste generation. We aim to achieve the annual goal for reduction of the total waste by 1% per year and continue to contribute to the sustainable development of the environment.</p> <p>5. The Company's greenhouse gas reduction goal is a 1% decline in annual emissions. Please refer to Page 42 of the annual report for other greenhouse gas reduction strategies and concrete action plans.</p> <p>6. The Company has obtained the ISO 14001:2015 certification and continues to drive improvements of its internal environment.</p>	Water consumption (in million liters)	5,544	6,444	Taipei Office, Kaohsiung Plant, and Durabook Americas Inc.	Total waste weight(mt)	22,801	32,791	Kaohsiung Plant	
Water consumption (in million liters)	5,544	6,444	Taipei Office, Kaohsiung Plant, and Durabook Americas Inc.									
Total waste weight(mt)	22,801	32,791	Kaohsiung Plant									
IV. Social issues												
(1) Has the Company formulated management policies and procedures according to relevant laws and international	✓		The Company follows the standards put forth by the United Nations' Universal Declaration of Human Right and by International Labor Organization. We have	No significant difference								

Initiative	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences
	Yes	No	Summary and explanation	
human rights conventions?			established our human right policy specific to our operations and characteristics and implemented management programs such as the installation of access control facilities; routine inspections of fire prevention facilities and emergency response equipment; organization of free health checks for colleagues; deployment of lactation rooms according to laws; regular convening of labor relations meetings; establishment of firewalls and email filtering systems provided by multinational vendors; and formulation of the internal rules on protection of human rights, such as the “Regulations Governing Sexual Harassment Prevention Measures, Complaints and Punishment at Workplace.” The purpose is to achieve the goal of sustainable development and to protect the fundamental human rights of employees and stakeholders.	
(II) Has the Company formulated and implemented reasonable employee benefits (including wages, holidays and other benefits) and reflected operating performance or results appropriately to employees’ compensation?	✓		<p>The Company observes relevant laws and regulations such as the Labor Standards Act and has established and implemented a variety of salary and benefit schemes. Employees are offered health examinations each year and activities per quarter. Employees are entitled to a one-day birthday leave every year. Employee Welfare Committee administers benefit and subsidy programs. Meanwhile, employee performance reviews are conducted regularly and the results are reflected in employee remunerations.</p> <p>1. Benefit schemes and implementations</p> <ol style="list-style-type: none"> (1) Employees’ remuneration (2) Gift vouchers for three major holidays/gift money for Lunar Year holidays/birthday gift money (3) Year-end bonus (4) Bonuses and incentives: incentives for product sales; bonuses for product development projects; incentives for employees’ performance; incentives for employees’ proposals of patents, creation and invention; incentives for innovation proposals (5) Complete education and training and successful promotion channels (6) Annual leaves and birthday leave (7) Employee group insurance (8) Subsidies offered by Employee Welfare Committee: wedding, childbirth, hospitalization, funeral (9) Employee travels, hang-out and birthday celebration and irregular festival 	No significant difference

Initiative	Implementation status (Note 1)		Differences from the Sustainable Development Principles for TWSE/TPEx Listed Companies and the reason for such differences
	Yes	No	
			<p>Summary and explanation</p> <p>dinners</p> <p>(10) Annual health examinations (11) Health seminars (12) The vending machine provides beverages with preferential subsidies, free cookies and snacks each day, and free tea time each month.</p> <p>2. Training and education programs To develop the right work attitude and methods and to inspire employees to realize potential, the Company has put in place the procedures for training and education. New hires are given orientation training when onboarding. Professional training is provided based on department needs, employees' skillsets and job functions. Personnel unit also arrange management and language training for supervisors according to corporate operation guidelines and annual budgets. Information on external training programs is provided from time to time for the development of high-caliber professionals. This boosts operational performance and fully utilizes human resources.</p> <p>3. Retirement system and implementation The Company's retirement scheme adheres to the Enforcement Rules of the Labor Pension Act. The old tenure system was all completed before or on August 31, 2007. The new system is applicable to all current employees. The new retirement system is as follows: (1) New retirement requirements: Any employee at the full age of 60 can apply for retirement. (2) The new pension system is based on the employee's total monthly wage. A monthly contribution of 6% to the employee's person pension account according to the tiered wage criteria issued by the central competent authority.</p> <p>4. Labor agreements and measures to protect employees' rights To promote the harmony between the employer and the employees and to boost work effectiveness, the Company meets and discuss with employees from time to time. Quarterly labor relation meetings are convened so that employees can express opinions and provide suggestions. This maintains a smooth communication with employees and fosters mutual trust and cooperation.</p>

Initiative	Implementation status (Note 1)		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences
	Yes	No	
			Summary and explanation
			<p>The Company has also established Employee Welfare Committee as required by regulations. Employees elect committee representatives in an open way. Regular health checks are arranged. Both the employer and employees' representatives express views on benefits offered and such full communication protects employees' rights.</p> <p>The Company has established the Occupational Safety and Health Committee in accordance with the regulations. The committee is mainly responsible for reviewing and suggesting occupational safety and health related matters, including health management, related measures, planning and management measures, ensuring the occupational safety of employees, and improving the occupational safety and health level. 5. The Company's Articles of Incorporation specifically stipulate the rules for the appropriation of employee remuneration. If the Company makes a profit in a year, no less than 5% of the profit shall be appropriated as employee remuneration to realize the positive feedback of employees to the Company's business performance.</p>
(III) Does the Company provide a safe and healthy work environment and implement regular education in safety and health for employees?	✓		<p>Organization of health checks for all employees and offering of classes on labor safety and health</p> <p>The Company reported 3 occupational accidents in 2024. The Company will continue to foster a culture with an emphasis on occupational safety and stay attentive to the mental and physical status of employees, to ensure employees' safety during work.</p> <p>Employee safety and work environment protection measures and implementation status:</p> <p>I. Taipei Headquarters</p> <p>The Company's Taipei headquarters has a monitoring system and access control facilities. All offices such as walkway, cabinet, stair, laboratory, etc. have dedicated personnel responsible for monitoring and irregular inspections. All visitors must register their identity and the access to the premises is strictly controlled to ensure the safety of employees.</p> <p>In order to ensure the public safety, the Company conducts fire safety inspections every year. The Company cooperates with the fire department of the Taipei City Fire Department to conduct regular inspections in 2H of the year. The scope of inspection includes escape and exit, smoke detection,</p>
			No significant difference

Initiative	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences
	Yes	No	Summary and explanation	
			<p>exhaust, sprinklers, fire safety latches, and escape signs to ensure that all equipment are operating normally and to maintain the work environment and ensure employee safety. Fire safety drills are conducted every year to promote escape knowledge in case of a disaster and to conduct actual drills to enhance employees' ability to respond to a disaster.</p> <p>In addition to said measures, the Taipei headquarters has also established the "Taipei Office Labor Safety and Health Work Rules" and "Taipei Office Emergency Response Plan" to ensure the safety of employees and respond to any possible contingencies.</p> <p>II. Kaohsiung Plant</p> <p>The Company's Kaohsiung Plant is actively committed to ensuring the safety of employees and the safety of the work environment, and conducts regular fire safety inspections and fire drills. The Company ensures that these facilities are inspected once a year to ensure that they are operating normally, including fire extinguishing equipment, alarm equipment, emergency escape equipment, and safety inspections of the wiring.</p> <p>During the inspection process, the Company focuses on confirming that all fire extinguishing equipment and alarm systems are in good condition, and that they can respond to possible fire in a timely manner and effectively. This is to ensure that all employees can receive corresponding warnings and instructions in a timely manner in case of emergency. The Company also regularly inspects and tests the normal operation of emergency escape equipment to ensure that it can maximize its effectiveness when necessary, while also paying attention to the safety of the wiring to prevent potential hazards due to wiring problems.</p> <p>The access control measures of the Kaohsiung Plant have 24-hour security personnel and system security personnel to ensure that only authorized personnel can access the plant area and effectively prevent potential safety threats.</p> <p>In terms of work safety, the Company has formulated the Work Rules for Labor Safety and Health, which clearly stipulate the safety and health management of the business, the responsibilities of each level, the maintenance and inspection of equipment, the standard of work safety and health, education and training, health guidance and management measures, first aid and rescue,</p>	

Initiative	Implementation status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reason for such differences
	Yes	No	Summary and explanation	
			<p>protection equipment preparation and maintenance, accident notification and reporting, and other details.</p> <p>Other potential safety risks include lead operations, organic reagent and specific chemical substance operations, noise operations, elevators, and stackers. The detailed requirements and implementation rules for these safety matters are detailed in the Company's safety regulations to ensure that every employee can work in a safe environment.</p> <p>The Company not only pays attention to fire safety inspection and access control measures, but also emphasizes the establishment of a comprehensive safety system in the workplace to ensure that all employees can work in a safe and healthy environment, and to protect the safety of employees and the Company's stable operations.</p>	
(IV) Has the Company established an effective competence development programs for employees?	✓		The Company organizes comprehensive competency training for all levels of managers and employees. This includes orientation training for new hires before onboarding, professional training for different functions, management and language training for supervisors. Information on external training programs is provided from time to time so that employees grow along with the Company.	No significant difference
(V) Has the Company complied with relevant laws, regulations and international standards and formulated relevant policies and complaints procedures to protect the rights of consumers or customers regarding products and services to address issues such as safety, health and privacy of customers, marketing and labeling?	✓		When it comes to marketing and labeling of products and services, the Company observes relevant laws, regulations and international standards such as security requirements and applications in different countries, RoHS (Restriction of Hazardous Substances Directive) and WEEE (Waste Electrical and Electronic Equipment Directive). No deception, misleading-ness, fraud or other activities detrimental to consumers' trust and rights are allowed. The customer care department is established as a channel for customers to raise questions, complaints or suggestions. Proper responses are made in adherence to the principle of ethics to protect customers' rights.	No significant difference
(VI) Has the Company formulated supplier management policies and asked suppliers to adhere to relevant regulations in environmental protection, occupational safety and health or labor rights?	✓		The Company has put in place "Operational Procedure for Suppliers Management" to ensure the stability of materials in use. Supplier assessments are regularly conducted, so that suppliers comply with regulations, green product requirements and company specifications. The Company terminates or cancels cooperation on a timely basis with the suppliers not in adherence to Operational Procedure for Suppliers Management.	No significant difference
V. Has the Company prepared sustainability reports by	✓		The Company has obtained the ISO 9001:2015 quality management system	No significant

Initiative	Implementation status (Note 1)		Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for such differences
	Yes	No	
following internationally accepted standards or guidelines in order to disclose non-financial information? Have the aforesaid reports assured or certified by a third party?			certification and the ISO 14001:2015 environmental management system certification. The Company has prepared the 2023 Sustainability Report in accordance with the latest "GRI Standards," SASB Sustainability Accounting Standards Board, TCFD, and the "Regulations Governing the Preparation and Filing of Corporate Sustainability Reports by TWSE Listed Companies" required by the competent authority. The report has been certified and verified by GREAT International Certification Co., Ltd. on August 14, 2024, the Company was issued an independent guarantee opinion statement.
VI. If the Company has established its principles in sustainable development by following the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe how its own principles are put into practice and whether there is deviation from the principles: Not applicable.			
VII. Other important information that helps to understand the status of sustainable development:			
1. Customer Care Department recovers, disassembles and repurposes testing equipment into work machines for employees, to reduce waste. 2. Employee Welfare Committee are established according to laws, to administer all benefits to employees. 3. Supplies were donated and charity money boxes were installed to contribute to the community during the pandemic and achieve the goal of sustainable development.			
Note 1: If "Yes" is selected for implementation status, please describe the important policies, strategies, measures and implementations in place. If "No" is selected for implementation status, please explain in the column "Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason for such differences" and provide relevant policies, strategies and measures under planning for the future. Regarding initiatives (1) and (2), TWSE/TPEX listed companies should describe the governance and oversight framework for sustainable development, including but not limited to management guidelines, strategies, goal-setting and review measures. Please describe the Company's risk management policies or strategies and risk assessments associated with environmental, social and corporate governance.			
Note 2: The materiality principle refers to the significant influence of environmental, social and corporate governance issues on investors and other stakeholders.			
Note 3: Please refer to the best practice provided at the website of TWSE Corporate Governance Center.			

(V-I)Information on climate of TWSE/TPEX listed companies

1. Implementation of climate-related information

Item	Implementation status
1. Describe the supervision and governance of the Board of Directors and management on climate-related risks and opportunities.	The Company reports to the Board of Directors on a quarterly basis on the progress and results of its greenhouse gas inventory and verification schedule planning and implementation. It also participates in the meetings of the 11 units to discuss the preparation of the sustainable development and sustainability reports. The meetings are chaired by the external organization's dedicated consultants, and the progress and results of the corporate sustainability are reported to enhance the Company's implementation of sustainable development in response to the climate change and international development trends.
2. Describe how the identified climate risks and opportunities affect the business, strategy and finance of the enterprise (short-term, mid-term, and long-term).	The heavy rains or flooding caused by the extreme climate may result in the risk of interruption of short-term operation or transportation. The Company needs to strengthen the disaster prevention drill to reduce the impact of damage. In the mid- and long-term, the Company still needs to continue to implement energy-saving plans to reduce energy consumption, and adopt local procurement to maximize resource utilization efficiency and co-existence with the environment.
3. Describe the impacts of extreme weather and transformation actions on the financial position.	The rain or flood caused by the extreme climate may damage the equipment of the Company, or the severe disasters in the area may result in shutdown or other operating costs.
4. Describe the process of identifying, assessing and managing climate risks, and how they are integrated into the overall risk management system.	The Company has obtained the ISO 14001 certification in response to the impact of environmental change. Through the internal supervision and implementation status, the Company meets the current organizational status and requirements of the regulations, and plans the future environmental risk assessment and response measures, in order to reduce energy consumption and carbon emissions, improve carbon reduction management performance, and implement the goal of sustainable development of the Company.
5. If scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts shall be described. 6. If there is a transformation plan in response to the management of climate-related risks, the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks, shall be explained. 7. If the internal carbon pricing is used as the planning tool, the basis for setting the price shall be explained. 8. If climate-related goals are set, the scope of activities covered, scope of greenhouse gas emissions, planning schedule, and progress of each year shall be explained. If carbon reduction limits are achieved through carbon offset or renewable energy certificates (RECs), the source and amount of carbon reduction limits or number of RECs shall be explained.	The Company has not yet used internal carbon pricing as a planning tool, and is still evaluating and planning climate-related goals, and pays close attention to the policy direction of sustainable development and climate information disclosure.
9. Greenhouse gas inventory and assurance.	Meanwhile, please also complete the following "Greenhouse Gas Inventory and Assurance for the most recent two years" and "Greenhouse Gas Reduction Goals, Strategies and Concrete Action Plans."

2. Greenhouse gas inventory and assurance of the Company in the most recent two years

- (1) The Company and its subsidiaries have disclosed the information about greenhouse gas inventory in the 2023 Sustainability Report. The report has been certified and verified by GREAT International Certification Co., Ltd.. The independent assurance statement has been issued and the information about greenhouse gas inventory in the report is as follows:

	Total greenhouse gas emission in 2022 (mt of CO ₂ e)	Emission intensity in 2022 (mt of CO ₂ e/million)	Total greenhouse gas emission in 2023 (mt of CO ₂ e)	Emission intensity in 2023 (mt of CO ₂ e/million)	Scope of data
Scope 1	15.88	0.0170	17.01	0.0157	Taipei Office, Kaohsiung Plant, Durabook Americas Inc. and the subsidiaries in Luxembourg and Kunshan Lun Teng
Scope 2	711.10	0.7613	694.32	0.6423	
Total sum	726.98	-	711.33	-	

- (2) Greenhouse gas assurance information: The Company will disclose the assurance information in 2028.

3. Greenhouse gas reduction goals, strategies and concrete action plans

- (1) The schedule of the greenhouse gas inventory and verification of the Company and its subsidiaries (Durabook Americas Inc. and Kunshan Lun Teng) is as follows. The schedule and completion time of the work items will be adjusted at any time depending on the actual implementation status:

Expected work items	Expected time to complete
Selection of consulting companies	March 2025
Emission source identification, emission quantification and review on calculation	April 2025
Review the Emissions Inventory List and prepare the Greenhouse Gas Inventory Report	June 2025
Conduct internal verification and external certification	August 2025

- (2) The progress of the current greenhouse gas inventory and verification is as follows:

Work items	Items under progress
Selection of consulting company	1. The Company has selected the consulting company. 2. Discussion and arrangement of consultation guidance.
Emission source identification, emission quantification and review on calculation	The Company has conducted the 2024 emission source identification, emission quantity and calculation review, and compiled the relevant data, in accordance with the recommendations of the assigned consultants.

- (3) Greenhouse gas reduction target: The Company will continue to conduct greenhouse gas emission inventory and implement greenhouse gas related management measures, in order to achieve the annual goal for reduction of greenhouse gas emissions by 1% per year, and to achieve sustainable development of the environment.

(VI) Status of ethical management, and deviations from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the causes of such deviations

Assessment item	Functioning status (Note 1)		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences
	Yes	No	
I. Formulation of business ethics policies and measures (I) Has the Company stated in its Articles of Incorporation or external correspondence about the ethical management policies and practices passed by the Board of Directors and the commitment of the Board of Directors and senior management to actively implement the operating policies?	V		The Company's Principles of Business Code of Conduct has been established and approved by the Board. We prohibit our personnel from direct or indirect offering, accepting, promising or requesting any improper benefits during the conducting of business or engaging in any dishonest and illegal activities or breaching the fiduciary duties. Business activities shall be conducted in a fair and transparent way. When conducting business, the Company's board members and senior managers adhere to code of ethics in providing supervision and creating a sustainable business environment.
(II) Has the Company established a mechanism to assess the risks of unethical behavior, regularly analyzed and examined, within the scope of business, the operating activities with high risks of unethical behavior and designed schemes to avoid unethical behavior by covering at least the preventive measures prescribed in Article 7-2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?		V	Our employees sign Agreement for Employee's Duties when onboarding. We have established Principles of Business Code of Conduct to prevent any activities specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. Management emphasizes the necessity of business ethics. Measures are put in place by managers of different functions according to nature of different operating activities in order to prevent unethical behavior. Any ethical problems are investigated by dedicated units and then reported to senior managers. Responsible units are required to adopt appropriate corrective measures, take disciplinary actions and follows up on a regular basis.
(III) Has the Company formulated, implemented and periodically reviewed the operating procedures, behavioral guidelines, punitive measures and complaints system as part of the scheme to prevent unethical behavior?	V		The Company has established Principles of Business Code of Conduct. The Labor Standards Act, work rules and relevant laws shall apply in event of violations. The importance of business ethics is advocated to employees from time to time and training & education are organized. A letterbox for

Assessment item	Functioning status (Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences
	Yes	No	Summary and explanation	
			whistleblowers is set up at our company website to handle any unethical issues. Measures to address unethical behavior are routinely reviewed and amended to ensure implementation in operation activities.	
II. Implementation of business ethics (I) Does the Company assess the ethics record of counterparties in business dealings and specify business conduct in contractual clauses with counterparties?	V		Before establishing business relations, the Company assesses the lawfulness and codes of conduct of the agents, suppliers, customers and other business dealing counterparties. Business activities are conducted in an open and transparent way. Appropriate penalty clauses regarding breach of ethics are put in place according to the principle of freedom of contract.	
(II) Has the Company established a dedicated business ethics unit under the Board of Directors and reported regularly (at least once a year) to the Board of Directors the implementation of business conduct policies and prevention of unethical behavior?	V		Legal Department is the Company's dedicated unit for handling of business ethics matters. Legal Department has reported the code of conduct, measures in preventing unethical behavior and the status of supervision to the 10th meeting of the 14th Board as follows: 1. 2024 annual training and education on business ethics have been provided. 2. The Company has established whistleblowing procedures and a letterbox for whistleblowers. No reporting has been received to date regarding violation of business ethics or conduct (e.g., business code of conduct, corruption, bribery or insider trading). 3. No penalty has been imposed by regulators due to breach of ethics.	No significant difference
(III) Has the Company formulated policies to prevent conflict of interest and provided appropriate channels for voicing out and implementation?	V		The Company's Rule of Procedure for Board Meetings has put in place a recusal system in presence of conflict of interest. Directors may not join the discussion or voting for issues where the director or the legal person represented by the director has conflict of interest and such conflict may detriment the Company's interest. On these occasions,	

Assessment item	Functioning status (Note 1)			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences
	Yes	No	Summary and explanation	
(IV) Has the Company established an effective accounting system and internal control system to implement business ethics? Do the internal auditors formulate audit plans according to the assessment of risks for unethical behavior and inspect the compliance with the preventive measures or authorize external accountants for such inspections?	V		<p>directors should recuse from discussion and voting and may not represent other directors for exercise of voting rights.</p> <p>The Company observes the Company Act, the Securities and Exchange Act and Business Entity Accounting Act.</p> <p>The Guidelines for the Establishment of Internal Control Systems by Public Companies, relevant laws and regulations governing TWSE/TPEX listed companies serve as the basis of code of business conduct. To ensure the practice of business ethics, an effective and comprehensive control mechanism is established within both the accounting system and the internal control. Based on risk assessments, internal auditors include highly-risky operations into annual audit plans, conduct regular audits and enhance preventive measures. Meanwhile, the design and implementation effectiveness of the system is ensured via annual self-assessments and reviews on internal control.</p> <p>External accountants also review the Company's systems aforesaid each year.</p>	
(V) Does the Company organize internal and external training and education on business ethics on a regular basis?	V		The Company sends its personnel to participate in external training and education on business ethics and organizes internal training programs from time to time.	
III. Functioning of whistleblowing system (I) Does the Company have a specific report and reward system stipulated, a convenient whistle-blowing channel established, and a responsible staff designated to deal with the whistle-blown individual?	V		The Company has established the "Ethical Management Best Practice Principles" and the "Regulations Governing Whistleblowing of Illegal or Unethical Conduct." A mailbox is set up at the Company's website for whistleblowing handled by a dedicated unit.	No significant difference
(II) Has the Company established the standard investigation procedure on allegations, the follow-up measures and the confidentiality mechanism post investigations?	V		The Company handles complaints and whistleblowing according to the "Regulations Governing Whistleblowing of Illegal or Unethical Conduct," records the process, and ensures confidentiality for whistleblowers and contents of the	

Assessment item	Functioning status (Note 1)		Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and reason for such differences
	Yes	No	
(III) Has the Company adopted measures to protect whistleblowers from improper treatment?	V		whistleblowing. The Company protects whistleblowers from improper treatment in accordance with the "Regulations Governing Whistleblowing of Illegal or Unethical Conduct."
IV. Enhancement of information disclosure (I) Has the Company disclosed its ethics policy and implementation effectiveness via its own website and on Market Observation Post System (MOPS)?	V		The Company has disclosed its ethics policy and implementation effectiveness via its own website and on Market Observation Post System (MOPS). Disclosed on the Company's website at: https://www.twinhead.com.tw/wp-content/uploads/2025/01/%E8%AA%A0%E4%B7%A1%E7%B6%93%E7%87%9F%E5%AE%88%E5%89%87%E8%88%87%E5%9F%B7%E8%A1%8C%E6%83%85%E5%BD%A2.pdf
V. If the Company has established its principles in business ethics by following Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe how its own principles are put into practice and whether there is deviation from the principles: No significant difference.			
VI. Other important information that helps understand the status of ethical management implementation (e.g., the Company's review and amendment of its business code of conduct): None.			No significant difference

Note 1: Summary and explanation shall be provided whether Yes or No is selected for functioning status.

(VII) Other important information that helps understand the functioning of corporate governance: Omitted

(VIII) Execution of internal control system

1. Statement of Internal Control System: For relevant information, please refer to the "Internal Control Statement Announcement" under the "Company Governance" of the "Single Company" of the MOPS (<https://mops.twse.com.tw>).
2. Audit reports issued by external accountants should be disclosed if the review of the internal control system is outsourced to external accountants: None.

- (IX) Major resolutions made by the Shareholders' Meeting and the Board of Directors in the most recent year up until the date of publication of the annual report
1. Important resolutions by 2024 annual general meeting
 - (1) Contents resolved:
 - ① Acknowledgment of the Company's 2023 Business Report
 - ② Acknowledgment of the Company's 2023 Financial Statements (parent company only and consolidated financial statements)
 - ③ Acknowledgment of the proposal for Company's 2023 earnings distribution plan.
 - ④ Passed the Company's 2023 issuance of new shares for the capital increase out of earnings.
 - (2) Implementation status:

The Company passed the earnings distribution plan per the resolution made by the 2024 annual general meeting. In 2023, the Company shall issue Type A registered preferential shares for the year of 2023. According to the Articles of Incorporation, the Company shall issue a total of NT\$2,124 as dividends of Type A registered preferential shares, with the record date of preferential stock dividend on July 12, 2024 and the payment date of dividends on August 2, 2024. The Company reported the net profit after tax, NT\$108,816,091, in 2023. According to the Company Act and the Company's Articles of Incorporation, 10% or NT\$10,420,846 was allocated as legal reserve and followed with the issuance of due and accumulated preferential dividends at NT\$2,124. The remaining distributable earnings was NT\$103,583,256. A cash dividend of NT\$3 per ordinary share, i.e., NT\$92,997,600, was issued, with the ex-right date on August 29, 2024.
 2. Contents of important resolutions by board meetings in 2024 and the publication date of this annual report
 - (1) Resolved to pass the Company's 2023 Business Report.
 - (2) Resolved to pass the Company's 2023 remuneration to employees and directors.
 - (3) Resolved to pass the Company's 2023 financial statements (parent company only and consolidated financial statements).
 - (4) Resolved to pass the Company's 2023 earnings distribution plan.
 - (5) Resolved to pass the Company's 2023 issuance of new shares for the capital increase out of earnings.
 - (6) Resolved to pass the design of the 2023 internal control system and effectiveness of implementation thereof, and the Declaration of Internal Control.
 - (7) Resolved to pass the 2024 annual general meeting convened by the Company.
 - (8) Resolved to pass the period and venue for accepting shareholders' proposals at the annual general meeting.
 - (9) Resolved to pass the Company's appointment of external auditors and remuneration to them for 2024.
 - (10) Resolved to pass the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending.
 - (11) Resolved to pass the suggestion by the Company's Remuneration Committee
 - (12) Resolved to pass the motion for the Company's financial institutions financing facilities.
 - (13) Resolved to pass the motion for the Company's U.S. subsidiary to increase the temporary credit limit application.
 - (14) Resolved to pass the Company's 2024 Q1 consolidated financial statements.
 - (15) Resolved to pass the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending.
 - (16) Resolved to pass the suggestion by the Company's Remuneration Committee.
 - (17) Resolved to pass the motion for the Company's financial institutions financing facilities.

- (18) Resolved to pass the Company's 2023 Sustainability Report.
- (19) Resolved to pass the 2023 proposal for the record date and related matters related to capital increase out of earnings.
- (20) Resolved to pass the Company's 2024 Q2 consolidated financial statements.
- (21) Resolved to pass the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending.
- (22) Resolved to pass the motion for the Company's financial institutions financing facilities.
- (23) Resolved to pass the motion for the Company's U.S. subsidiary to increase the temporary credit limit application.
- (24) Resolved to pass the establishment of the Company's "Sustainable Development Committee Charter."
- (25) Resolved to pass the appointment of the 1st "Audit Committee" members.
- (26) Resolved to pass the Company's 2024 Q3 consolidated financial statements.
- (27) Resolved to pass the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending.
- (28) Resolved to pass the motion for the Company's financial institutions financing facilities.
- (29) Resolved to pass the Company's 2025 business plan (including the budget).
- (30) Resolved to pass the Company's 2025 audit plan.
- (31) Resolved to pass the assessment on the independence and suitability of the Company's external auditors.
- (32) Resolved to pass the suggestion by the Company's Remuneration Committee.
- (33) Resolved to pass the motion for the Company's financial institutions financing facilities.
- (34) Resolved to pass the Company's 2024 Business Report.
- (35) Resolved to pass the Company's 2024 remuneration to employees and directors.
- (36) Resolved to pass the Company's 2024 financial statements (parent company only and consolidated financial statements).
- (37) Resolved to pass the Company's 2024 earnings distribution plan.
- (38) Resolved to pass the Company's 2024 issuance of new shares for the capital increase out of earnings.
- (39) Resolved to pass the design of the 2024 internal control system and effectiveness of implementation thereof, and the Declaration of Internal Control.
- (40) Resolved to pass the definition of the Company's "entry-level employees."
- (41) Resolved to pass the amendments to the Company's "Articles of Incorporation."
- (42) Resolved to pass the 2025 annual general meeting convened by the Company.
- (43) Resolved to pass the period and venue for accepting shareholders' proposals at the annual general meeting.
- (44) Resolved to pass the assessment on the independence and suitability of the Company's external auditors.
- (45) Resolved to pass the Company's appointment of external auditors and remuneration to them for 2025.
- (46) Resolved to pass the long-term receivables from the U.S. subsidiary Durabook Americas Inc. not in the nature of lending.
- (47) Resolved to pass the motion for the Company's financial institutions financing facilities.
- (48) Resolved to pass the motion for the Company's U.S. subsidiary to increase the temporary credit limit application.
- (49) Resolved to pass the suggestion by the Company's Remuneration Committee.

- (X) Different opinions from directors or supervisors on important resolutions by the Board of Directors and such opinions were recorded or stated in writing during the most recent year and as of the publication date of this annual report: None.

IV. Information about External Auditor's Professional Fee:

(I) External accountants' fees

Unit: NT\$1,000

Name of the accounting firm	Names of Certified Public Accountants	Audit period	Auditing fees	Non-auditing fees	Total	Remarks
KPMG Taiwan	Stella Huang	January 1, 2024 to December 31, 2024	3,035	1,310	4,345	Non-audit fees consist of NT\$530 thousand for tax compliance audits, NT\$420 thousand for English translation of the financial statements, and NT\$220 thousand for a report on transfer pricing.
	Chung-Shun Wu					

Please provide the details of non-audit fees: (e.g., tax compliance audit, assurance or other financial consultation)

Note: If the Company has changed external accountants or accounting firms during the year, please provide the auditing periods and specify in the Comment column the reason for change. Audit fees and non-audit fees paid should be disclosed accordingly. Please describe the details of non-audit fees in the Note section.

V. Change of external auditors

(I) The Board's assessment in 2024 on the independence and suitability of external accountants

- In reference to Article 47 of the Certified Public Accountant Act and Bulletin No. 10 of the Code of Ethics for Certified Public Accountant in the R.O.C. regarding the independence of audit and review, the Company has set up the following assessment criteria: (1) External auditors do not have any direct or material financial relationship with the Company. (2) The external auditors and the Company or the Company's directors have no financing or guarantee. (3) The external auditors do not have any significant business relationship and potential employment relationship with the Company. (4) External accountants do not have any lending/borrowing relationship with the Company. (5) External accountants have not accepted presents or gifts of a significant value (above the general standards for social occasions) from the Company, the Company's directors, supervisors or managers. (6) External accountants have not provided the Company with audit services for seven consecutive years. (7) The external auditors do not own the Company's shares, or any stocks or other securities issued by anyone not engaged in brokerage of the stocks or securities issued by the Company. (8) External accountants, their spouses or dependents and members of the audit teams have not served as the Company's directors, supervisors or managers or positions that have significant influence on audits during the audit period or over the most recent two years and can also be sure not to serve any of the aforesaid roles during future audit periods. (9) The external auditors have not provided the Company with any non-audit services that may directly affect the audit work. (10) The external auditors do not act as the Company's defense or represent the Company to coordinate with other third parties in the event of conflict. (11) The external auditors have no family relation with the directors, managers, or other staff with significant influence on the audit. (12) Whether external accountants have met the requirements for independence specified in Bulletin No. 10 of the Code of Ethics for Certified Public Accountant and whether Statement of Independence issued by external accountants has been obtained
- The assessment made by the Company's financial and accounting managers based on Statement of Independence issued by external auditors and AQIs suggests that the Company's external auditors are independent and suitable. Subsequently, the 5th meeting of the Company's 14th Board resolved that the external accountants are independent and suitable.

- (II) Based on the abovementioned assessment results, the Company did not change external accountants during the aforesaid audit periods.

VI. Information on the Company's Chairman, President, or any finance or accounting managers holding a position during the most recent year at the CPA firm where external auditors work or the affiliated company of the CPA firm: None.

VII. Any transfer of shareholdings or change to pledges on shares owned by directors, managers or any shareholder with a more than 10% stake during the most recent year or as of the publication date of this annual report

- (I) Changes in equity of directors, managers and major shareholders: Please refer to the "Details of Shareholding of Directors and Supervisors" and "Declaration of Insider Shareholding Changes" under the "Single Company" section of the MOPS (<https://mops.twse.com.tw>).
- (II) Information on equity transfer: Please refer to the "Equity Transfer Search" under the "Changes in Equity/Issuance of Securities" under the "Single Company" section of the MOPS (<https://mops.twse.com.tw>).
- (III) Information on equity pledge: None.

VIII. Relationship among the Company's 10 largest shareholders, including related parties, spouses, or relatives within the second degree of kinship

April 12, 2025; Unit: shares; %

NAME	THE PERSON SHAREHOLDING		SHARES HELD BY THE SPOUSE AND MINOR CHILDREN		SHARES HELD UNDER OTHER'S NAMES		NAME AND RELATIONSHIP BETWEEN THE COMPANY'S 10 LARGEST SHAREHOLDERS WHO ARE RELATED PARTIES, SPOUSES, OR RELATIVES WITHIN TWO DEGREES OF KINSHIP WITH EACH OTHER		REMARKS
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	Name	Relation	
KAO's Development Co., Ltd. Representative: Ming-Luan Kao-Chang	6,456,635 53,751	16.02% 0.13%	- 465,032	- 1.15%	- -	- -	- Yu-Jen Kao Su-Fu Kao	- Spouse Relatives within two degrees of kinship	
Protegas Futuro Holdings, LLC Representative: An Van Nguyen	5,633,325 -	13.98% -	- -	- -	- -	- -	- -	- -	
Outstanding International Co., Ltd. Representative: Tung-Hsin Tseng	2,672,280 -	6.63% -%	- -	- -	- -	- -	- -	- -	
Kang Eel Shiuan Co., Ltd. Representative: Yu-Ling You	2,260,905 -	5.61% -	- -	- -	- -	- -	- -	- -	
Ting Ching Investment Limited Representative: Outstanding International	1,747,513 2,672,280	4.34% 6.63%	- -	- -	- -	- -	- -	- -	

Co., Ltd.									
Bai-Da Investment Co., Ltd. Representative: Yao-Bin Ding	1,168,200 -	2.90% -%	- -	- -	- -	- -	- -	- -	
Su-Fu Kao	810,125 (Note 4)	2.01% (Note 5)	23,552	0.05%	-	-	Yu-Jen Kao Ming-Luan Kao-Chang	Relatives within two degrees of kinship Relatives within two degrees of kinship	
Cheng-Hu Chou	514,216	1.28%	-	-	-	-	-	-	
UBS S.E Investment Account under the custody of Citibank	477,924	1.19%							
Yu-Jen Kao	465,032	1.15%	53,751	0.13%	-	-	Ming-Luan Kao-Chang Su-Fu Kao	Spouse Relatives within two degrees of kinship	

Note 1: All of the Company's 10 largest shareholders shall be listed. For a corporate shareholder, the name of the corporate shareholder and its representative shall be listed separately.

Note 2: Shareholding percentage shall be calculated based on the shares held by the shareholder, spouse, children of minor age, and held through nominees.

Note 3: The relationship between the above-mentioned shareholders, including corporate shareholders and individual shareholders, shall be disclosed in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Note 4: The number of share consists of 810,114 ordinary shares and 11 preferential shares.

Note 5: The shareholding percentage consists of 2.01% for ordinary shares and 0% for preference shares.

IX. Shareholdings of the Company, the Company's directors and managers in the same investee directly or indirectly controlled and the percentage of shareholdings in total

Unit: shares; %

Investee (Note)	Held by the Company		Investees directly or indirectly controlled by directors, supervisors and managers		Integrated investment	
	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage	No. of shares	Shareholding percentage
Durabook Americas Inc.	769,230	80%	-	-	769,230	80%
Twinhead (Asia)	5,872,420	100%	-	-	5,872,420	100%
Twinhead (Kunshan)	-	-	-	100%	-	100%
Twinhead Enterprises	-	-	50,000	100%	50,000	100%
Kunshan Lun Teng	-	-	-	100%	-	100%

Note: Investments accounted for using the equity method.

Three. Capital Overview

I. Capitalization and shares

(I) Sources of share capital

Month/ Year	Issuance price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	No. of shares	Amount	Sources of capital	Contribution-in-kind	Others
December 1991	NT\$10	100,000,000	NT\$1 billion	66,732,145	667,321,450	Conversion of capital surplus into paid-in capital by NT\$60,602,950	None	Note 1
June 1992	NT\$10	100,000,000	NT\$1 billion	78,379,000	783,790,000	Conversion of retained earnings into paid-in capital by NT\$45,804,490 Conversion of capital surplus into paid-in capital by NT\$70,664,060	None	Note 2
July 1993	NT\$10	100,000,000	NT\$1 billion	86,152,647	861,526,470	Conversion of capital surplus into paid-in capital by NT\$77,736,470	None	Note 3
August 1994	NT\$10	100,000,000	NT\$1 billion	98,855,130	988,551,300	Equity raise by NT\$101,356,050 Conversion of capital surplus into paid-in capital by NT\$25,668,780	None	Note 4
March 1996	NT\$10	160,000,000	1,600,000,000	160,000,000	1,600,000,000	Equity raise by NT\$611,448,700	None	(Note 5)
May 1997	NT\$10	300,000,000	NT\$3 billion	204,000,000	2,040,000,000	Conversion of retained earnings into paid-in capital by NT\$280,510,680 Capital increase out of capital surplus by NT\$ 159,489,320	None	Note 6
October 1997	NT\$10	300,000,000	NT\$3 billion	264,000,000	2,640,000,000	Equity raise by NT\$600,000,000	None	Note 7
May 1998	NT\$10	600,000,000	NT\$6 billion	363,500,000	3,635,000,000	Conversion of retained earnings into paid-in capital by NT\$467,270,960 Capital increase out of capital surplus by NT\$ 527,729,040	None	Note 8
April 1999	NT\$10	600,000,000	NT\$6 billion	363,740,565	3,637,405,650	Conversion of convertible bonds by NT\$2,405,650	None	Note 9
August 1999	NT\$10	700,000,000	NT\$7 billion	478,480,936	4,784,809,360	Conversion of retained earnings into paid-in capital by NT\$637,901,669 Capital increase out of capital surplus by NT\$ 509,098,331 Conversion of convertible bonds by NT\$403,710	None	Note 10
March 2000	NT\$10	700,000,000	NT\$7 billion	480,418,920	4,804,189,200	Conversion of convertible bonds by NT\$19,379,840	None	Note 11
September 2000	NT\$10	700,000,000	NT\$7 billion	528,450,942	5,284,509,420	Conversion of capital surplus into paid-in capital by NT\$ 480,320,220	None	Note 12
March 2004	NT\$10	700,000,000	NT\$7 billion	554,561,723	5,545,617,230	Conversion of convertible bonds by NT\$276,382,960	None	Note 13
November 2004	NT\$10	700,000,000	NT\$7 billion	277,303,712	2,773,037,120	Capital reduction by NT\$2,772,580,110	None	Note 14
December 2011	NT\$10	700,000,000	NT\$7 billion	255,867,547	2,558,675,470	Consolidated capital reduction by NT\$ 214,361,650	None	Note 15
August 2012	NT\$10	700,000,000	NT\$7 billion	190,161,531	1,901,615,310	Capital reduction by NT\$657,060,160	None	Note 16
October 2016	NT\$10	700,000,000	NT\$7 billion	93,939,797	939,397,970	Capital reduction by NT\$962,217,340	None	Note 17
December 2016	NT\$10	700,000,000	NT\$7 billion	118,939,797	1,189,397,970	Equity raise by NT\$250,000,000	None	Note 18
February 2017	NT\$10	700,000,000	NT\$7 billion	143,939,797	1,439,397,970	Equity raise by NT\$250,000,000	None	Note 19
September 2017	NT\$10	700,000,000	NT\$7 billion	198,939,797	1,989,397,970	Equity raise by NT\$550,000,000	None	Note 20
April 2020	NT\$10	700,000,000	NT\$7 billion	195,932,433	1,959,324,330	Consolidated capital reduction by NT\$ 30,073,640 元	None	Note 21
October 2021	NT\$10	700,000,000	NT\$7 billion	24,800,422	248,004,220	Capital reduction by NT\$1,711,320,110	None	Note 22
November 2023	NT\$10	700,000,000	NT\$7 billion	31,000,262	310,002,620	Capital increase out of earnings by NT\$ 61,998,400	None	Note 23
September 2024	NT\$10	700,000,000	NT\$7 billion	40,300,022	403,000,220	Capital increase out of earnings by NT\$ 92,997,600	None	Note 24

Note 1: Approved by Official Letter Tai-Finance-Securities (I) No. 03483 by Securities & Exchange Commission, Ministry of Finance dated December 23, 1991

Note 2: Approved by Official Letter Tai-Finance-Securities (I) No. 01228 by Securities & Exchange Commission, Ministry of Finance dated June 1, 1992

Note 3: Approved by Official Letter Tai-Finance-Securities (I) No. 30694 by Securities & Exchange Commission, Ministry of Finance dated July 19, 1993

Note 4: Approved by Official Letter Tai-Finance-Securities (I) No. 32527 by Securities & Exchange Commission, Ministry of Finance dated

August 2, 1994

Note 5: Approved by Official Letter Tai-Finance-Securities (I) No. 21571 by Securities & Exchange Commission, Ministry of Finance dated March 26, 1996

Note 6: Approved by Official Letter Tai-Finance-Securities (I) No. 33862 by Securities & Securities and Futures Commission, Ministry of Finance dated May 1, 1997

Note 7: Approved by Official Letter Tai-Finance-Securities (I) No. 73902 by Securities & Securities and Futures Commission, Ministry of Finance dated October 14, 1997

Note 8: Approved by Official Letter Tai-Finance-Securities (I) No. 35078 by Securities & Securities and Futures Commission, Ministry of Finance dated April 23, 1998

Note 9: Approved by Official Letter Tai-Finance-Securities (I) No. 81707 by Securities & Securities and Futures Commission, Ministry of Finance dated October 1, 1998

Note 10: Approved by Official Letter Tai-Finance-Securities (I) No. 59109 by Securities & Securities and Futures Commission, Ministry of Finance dated June 29, 1999

Note 11: Approved by Official Letter Tai-Finance-Securities (I) No. 81707 by Securities & Securities and Futures Commission, Ministry of Finance dated October 1, 1998

Note 12: Approved by Official Letter Tai-Finance-Securities (I) No. 47857 by Securities & Securities and Futures Commission, Ministry of Finance dated June 3, 2000

Note 13: Approved by Official Letter Tai-Finance-Securities (I) No. 81707 by Securities & Securities and Futures Commission, Ministry of Finance dated October 1, 1998

Note 14: 1. Approved by Official Letter FSC-Securities (I) No. 0930131683 by Financial Supervisory Commission, Executive Yuan dated July 16, 2004
2. Approved by Official Letter FSC-Securities (I) No. 0930145974 by Financial Supervisory Commission, Executive Yuan dated October 8, 2004

Note 15: Approved by Official Letter MOEA-Authorization-Business No. 10101029410 by Ministry of Economic Affairs dated February 22, 2012

Note 16: Approved by Official Letter FSC-Securities-Issuance No. 1010030730 by Financial Supervisory Commission, Executive Yuan dated July 18, 2012

Note 17: Approved by Official Letter FSC-Securities-Issuance No. Approved by Official Letter FSC-Securities-Issuance (I) No. 1050029056 by Financial Supervisory Commission, Executive Yuan dated August 8, 2016

Note 18: Approved by Official Letter MOEA-Authorization-Business No. 10601017830 by Ministry of Economic Affairs dated February 9, 2017

Note 19: Approved by Official Letter MOEA-Authorization-Business No. 10601023470 by Ministry of Economic Affairs dated February 22, 2017

Note 20: Approved by Official Letter MOEA-Authorization-Business No. 10601137980 by Ministry of Economic Affairs dated September 28, 2017

Note 21: Approved by Official Letter MOEA-Authorization-Business No. 10901047870 by Ministry of Economic Affairs dated April 15, 2020

Note 22: Approved by Official Letter Government-Industry-Business No. 11052818400 by Taipei City Government dated August 30, 2021

Note 23: Approved by Official Letter Government-Industry-Business No. 11254569310 by Taipei City Government dated November 13, 2023

Note 24: Approved by Official Letter Government-Industry-Business No. 11353562400 by Taipei City Government dated September 25, 2024

April 12, 2025

Type of shares	Authorized capital stock				
	Outstanding shares			Unissued shares	Total
	Listed	Not listed	Total		
Registered Ordinary share	40,298,960	0	40,298,960	659,699,978	700,000,000
Special share	-	1,062	1,062	0	

Information on the general reporting system: None.

(II) List of major shareholders: List of top ten shareholders by shareholding

April 12, 2025

Names of major shareholders	Number of shares held	Shareholding percentage
KAO's Development Co., Ltd.	6,456,635	16.02%
Protegas Futuro Holdings, L L C	5,633,325	13.98%
Outstanding International Co., Ltd.	2,672,280	6.63%
Kang Eel Shiuan Co., Ltd.	2,260,905	5.61%
Ting Ching Investment Limited	1,747,513	4.34%
Bai-Da Investment Co., Ltd.	1,168,200	2.90%
Ssu-Fu Kao (Note 1) (Note 2)	810,125	2.01%
Cheng-Hu Chou	514,216	1.28%
UBS S.E Investment Account under the custody of Citibank	477,924	1.19%
Yu-Jen Kao	465,032	1.15%
A total of 10 shareholders	22,206,155	55.11%

Note 1: The number of share consists of 810,114 ordinary shares and 11 preferential shares.

Note 2: The shareholding percentage consists of 2.01% for ordinary shares and 0% for preferential shares.

(III) Dividend Policy and the Status of Implementation

1. Dividend Policy

According to the Articles of Incorporation, the Company's annual earnings, if any, should be used first to pay taxes, offset accumulated losses and then appropriate at 10% for legal reserves until the amount of legal reserves is equivalent to the Company's paid-in capital. The issuance of preference dividends due but not yet paid should take priority. Special reserves may be recognized depending on operational and statutory requirements, followed with the recognition or reversal of special reserves according to laws and regulations. Any remaining earnings, along with the accumulated undistributed earnings, are distributed as dividends to shareholders according to the proposal by the Board of Directors and after the resolution from the shareholders' meeting. It is authorized that the dividends, bonuses, legal reserve and distributable paid-in-capital in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and a report of such distribution shall be submitted to the shareholders' meeting

Considering the growth of the industry where the Company operates and for the strengthening of the Company's financial structure and the protection of investors' rights, no less than 50% of the distributable earnings shall be allocated as dividends to shareholders. However, distribution may not be made if the cumulative allocable earnings are less than 1% of the paid-in capital. With the capital surplus, retained earnings, future capital demand, long-term financial plan and maintenance of the Company's balanced dividend level each year under consideration, cash dividends shall not be higher than 80% of the total dividends in order to maintain a stable dividend policy. Other dividends shall be in the form of shares. Said dividend policy will be amended in a timely manner in response to the actual situation.

2. Proposal to the Shareholders' Meeting for dividend distribution: The dividends distribution for 2024 has been proposed by the 14th Board of Directors in the 11th meeting and submitted for acknowledgment of the Shareholders' Meeting on June 10, 2025: (1) The Company's undistributed earnings at the beginning of the period amounted to NT\$10,585,656. The net profit after tax in 2024 was NT\$164,724,162, and the balance after deducting the accumulated loss of financial assets at fair value through other comprehensive income of NT\$8,969,227 was NT\$155,754,935. The balance was then deducted by 10% of the legal reserve of NT\$15,575,494 in accordance with the Company Act and the Articles of Incorporation, plus the undistributed earnings of NT\$150,765,097 at the beginning of the period. (2) According to the Articles of Incorporation, the Company shall first distribute Class A registered preferred shares. Based on the par value of the shares, a total of NT\$2,124 in dividends and bonuses will be distributed at an annual rate of 20%. The base date of the distribution of preferred share dividends is set for July 11, 2025, and the date of distribution of dividends is set as August 1, 2025. The common stock dividend is NT\$3 per share and cash dividend is NT\$0, totaling NT\$120,896,880. Undistributed earnings at the end of the period amounted to NT\$29,866,093.
3. When the dividend policy is expected to have significant changes, an explanation shall be provided: The Company expects to amend the stock dividend policy at the 2025 annual general meeting, proposing that the ratio of the distributable earnings to be set aside not less than 30% and the distributable

earnings may not be distributed if the accumulated distributable earnings are less than 5% of the paid-in capital. This amendment helps improve the flexibility of operation, maintain the long-term and stable growth of the Company, and also ensures shareholders' equity.

(IV) Impact to Business Performance and EPS of Stock Dividend Distribution: The Company did not disclose the financial forecast, therefore, this regulation shall not apply.

(V) Remuneration to employees, directors and supervisors

1. The information about percentage or scope of remuneration to employees and directors/supervisors referred to in the Articles of Incorporation:
If there is a profit for the year, compensation to employees and directors shall be distributed according to the following procedures:
 - (1) Not less than 5% shall be taken for employee compensation, the rules shall be established by the Board of Directors.
 - (2) Not more than 4% shall be taken for director compensation.
However, the profit should be reserved first for offsetting of accumulated losses if any.
2. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: The amount of 2024 employee and director compensation was estimated based on net income before tax and employee and director compensation multiplied by the distribution percentage stipulated by the Articles of Incorporation and recognized as operating expenses. If the actual amounts subsequently paid differ from the estimated amounts, the differences will be recorded as profit or loss in the upcoming year as a change in accounting estimate.
3. Approval of the Board of Directors Meeting for distribution of compensation: The compensation distribution for 2024 has been proposed by the 14th Board of Directors in the 11th meeting. The employee compensation was NT\$14,806,666, and the director compensation was NT\$5,552,500, both of which are to be distributed in cash.
4. Information on distribution of compensation of employees, directors and supervisors (with an indication of the number of shares and monetary amount and stock price of the shares distributed) for the previous year and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated: None.

(VI) The Company's buy-back of its shares: None.

II. Issuance of corporate bonds: None.

III. Issuance of preferential shares

Item		Issuance date
		December 15, 1990
Face value		NT\$10 per share
Issuance price		NT\$20 per share
No. of shares		9,745,000 shares
Total value		NT\$97,450,000
Rights and obligations	Dividends	<ul style="list-style-type: none"> According to laws, the Company's net income each year shall be used first to offset losses from prior years, to allocate for taxes payable and legal reserves. Preferential dividends are based on 20% of the par value. Dividends are paid in cash once a year after the date of approval by the annual shareholders' meeting. Dividends for the previous year are calculated according to the number of days in issue. However, dividends are calculated up to the end of the previous year in case of conversion to ordinary shares. If there is no earnings for the year or the earnings are insufficient for the issuance of preferential dividends, any earnings in subsequent years should be prioritized for dividends due but unpaid during previous years. Shareholders of Type A registered preferential shares are entitled to due but unpaid preferential dividends for conversion to ordinary shares. The Company should pay in full at one sitting such due but unpaid dividends. However, they may not request the distribution of earnings from the previous year to ordinary shares. All the other rights and obligations are the same as ordinary shares.
	Distribution of remaining assets	Preferential shares have a priority claim over ordinary shares when the Company is liquidated. However, the allocation of the Company's remaining assets may not exceed the issued amount.
	Exercise of voting rights	No voting rights
	Others	Type A registered preferential shares have no rights or obligations other than those described in this Article of Incorporation.
Number of preferential shares outstanding	Amount redeemed or converted	NT\$96,993,000 converted into ordinary shares
	Outstanding amount not redeemed or converted	NT\$10,620 (Note 1)
	Redemption or conversion clause	Preferential shareholders may request to convert preferential shares into the same number of ordinary shares in each June after one year in issuance of preferential shares.
Market price per share (Note 2)		-
Other rights attached	Amount converted or subscribed to shares as of the publication date of this annual report	NT\$96,993,000
	Regulations governing issuance, conversion or subscription	Preferential shareholders may request to convert preferential shares into the same number of ordinary shares in each June after one year in issuance of preferential shares.
Impact of issuance terms and conditions on preferential shareholders' equity, potential dilution and impact on existing shareholders' equity		None

Note 1: Capital reduction by NT\$228,480 in 2004, by NT\$58,680 in 2012, by NT\$85,940 in 2016, by NT\$73,280 in 2021.

Note 2: Trading of preferential shares on the gray market.

Preferential shares with warrants: None.

- IV. Overseas depository receipts: None.
- V. Subscription for employee stock warrants: None.
- VI. Restricted stock awards (RSAs): None.
- VII. Issuance of new shares in connection with M&As or receipt of shares of other companies: None.
- VIII. Implementation of capital utilization plans: None.

Four. Operational Overview

I. Business

(I) Scope of business

1. Major business activities

- (1) Electronics components design and relative electronic products (LAN system) design and manufacturing
- (2) Electronic products (telephone, answering machine, modem, electronic telephone switching machine, fax machine) design (for office administrative business only and no retail store on site)
- (3) Computer, components, and peripheral equipment (multi-function interface card) design and manufacturing
- (4) Computer equipment (power supply unit, keyboard, printer, floppy and hard disk driver) and computer software equipment design (excluding business of video games and on-site operation)
- (5) Computer motherboard, workstation, and its system design and manufacturing
- (6) Integrated circuit for specific use design and manufacturing
- (7) Home video game console design and manufacturing
- (8) International trade.
- (9) Warehousing.
- (10) Controlled telecommunications radio-frequency devices and materials manufacturing
- (11) Regulated telecommunications radio-frequency equipment imports
- (12) All business activities that are not prohibited or restricted by law, except those that are subject to special approval.

2. Business Proportion

The business proportion of the Company's main products for 2024 are as follows:

Item	Business Proportion
Portable computers (including finished board)	92%
Others	8%
Total	100%

3. The Company's current main products

The Company is a manufacturer of Mil-Spec and industrial portable computers. The main business is the R&D, manufacturing and maintenance of Mil-Spec and industrial computers/tablet computers and relative products, including (1) Mil-Spec/industrial computers/tablet computers (2) Mil-Spec/industrial motherboard (3) components and peripheral products (4) after-sales service of the abovementioned products.

4. New products planned for development

Our product strategy is aimed at vertical integration of market demands, establish special functions of products to meet customers' needs. Different industries, such as military, industry, medical, and transportation, all have to follow the special regulation on the reliable environment and communication function of the system. Our objective is to create profitable niche products and establish complete product lines.

(II) Industry Overview

1. Structure and current status of industry:

The Company's main business is the design and manufacturing of portable devices for special industries like military and industry, and takes private labelling as our main business model. For the value chain, the Company is a vendor of system assembly and brand. Our upstream is the supplier of general and Mil-Spec/industrial components for computer products. Our downstream is the distributor and the systems integrator.

For current status of the industry, the terminal demand in the main sales areas of the

Company's products turned out to be stable, the brand and channels became mature gradually. With the increase in the number of sales countries and the expansion of application field, the sales of products are expected to grow year after year.

2. The Company's main products:

The Company's main products are industrial computers, which are customized and high-mix low-volume products. The key point of design focuses on the functions to meet customers' special needs.

Due to the characteristics of high R&D expenses and difficulties for mass production, the barriers to entry are pretty high. Also, the sales markets are too dispersed for common IPC vendors to significantly influence the Company's market power.

(III) An overview of the company's technologies and its research and development work

In order to meet the special needs of vertical market and enhance product competitiveness, the Company continues dedicating to R&D of Mil-Spec/industrial rugged note computers and technologies in fields of special application, such as rugged computer case, cooling technology, and wireless communication. In addition, we actively cultivate internal talents, attracts excellent engineers with professions to join our R&D team, master domestic and international trends of products and technology development, develop niche products efficiently, and stay ahead of the curve for product launch to meet needs of the future market.

In order to enhance the R&D ability, we explore application for new materials and development of new technology. The Company's R&D expenditure for the year of 2024 and the first quarter of this year totaled NT\$140,887 thousand.

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

The Company's core of business development is the private brand Durabook and self-developed products. In short-term, we still take the long-cultivated application fields of military defense, public safety, and energy as our mainly targeted market, and strive for market share maximization with the expansion of channel partners and the improvement of brand awareness. In long-term, the Company will continue launching more diverse applicants and resolutions with our brand. Through the collaboration with the existing strategic partners and systems integrators in specific fields, we will expand the coverage of the vertical market to become a more comprehensive system supplier.

II. Markets, production and sales

(I) Market analysis

1. Sales region of the Company's main products

The Company's sales of products are mainly in Europe, America, and China. Local bases for sales and maintenance are established to provide service to our widely spread customers.

2. Market share, demand and supply conditions for the market in the future, and the market's growth potential

The quantity of sales of portable computers (including finished boards) for 2024 was 52,033 pieces. The Company gains a foothold in product R&D, design, manufacturing, and sales, and is one of the rare Mil-Spec/industrial portable computer manufacturer in the country. Our developed Mil-Spec/industrial portable computer products has been adopted by major system integrators in the market gradually.

The Russia-Ukraine War in 2024 is ongoing. The US-China relationship is becoming increasingly tense. Although the inflation remained stable, the countries are cautious about interest rate adjustments. The economy is not showing any significant recovery. Therefore, the corporate users are still conservative about capital expenditure. Fortunately, the budgets of the national defense of the public sector and the equipment upgrade are still increasing. The total shipment of the Company's products is still increasing. Looking forward to the future, though the national defense spending is expected to maintain a considerable growth, the trade war has not yet been over. The tariff and foreign exchange rate will deteriorate inevitably and thereby affect exports. Therefore, the annual economy

shall be determined conservatively.

3. The Company's competitive niche, SWOT analysis for future development, and the company's responsive strategies

(1) Strength

- A Strong product design ability: With comprehensive design ability for software, hardware, and mechanism, the Company is able to develop and produce independently the Mil-Spec/industrial products with special functions to meet the needs for high-mix low-volume, and moves towards the goal of “boutique.”
- B Strong productivity: Kaohsiung plant has focused on the Mil-Spec/industrial products for many years. The manufacturing flexibility has achieved the requirement for high-mix low-volume production.

(2) Weakness

- A Long lead time of the components supplier and increasing minimum order quantity
Responsive strategies:
Establish buffer stock and make the most of the stocking cycle system to avoid the condition that the demand exceeds the supply.
- B High-mix low-volume characteristic of the Mil-Spec/industrial computers and the relatively high R&D resources investment.
Responsive strategies:
Establish modular design of components with different types of products using the same modularized components. Serve customer according to their needs for high-mix low-volume products to reduce the resources needed for R&D, inventories, and costs; and further, obtain higher profit from it.

(3) Opportunity

- A Application of Mil-Spec/industrial portable computers are growing in popularity not only for military use, but also expand and cultivate fields of industry, agriculture, gambling industry, automation, and safety control.
- B The Company is one of the rare vendors that are able to produce Mil-Spec/industrial note/tablet computers in the country. With high entry barriers and the high gross profit, it is a niche market for Mil-Spec/industrial note computers.

(4) Threat

- A The slow-down in market scale growth, price war among vendors, and sales erosion in Mil-Spec/industrial market due to large business-spec vendors leads to increasing pressure from price competition and significant shrinkage of space for profit.
Responsive measures:
 - (a) Cultivate R&D ability, strengthen sensitivity to marketing. Develop products with different levels, functions, and styles according to customer's needs. With an objective to develop high value-added products in vertical market, maintain expected profit.
 - (b) Explore chances to cooperate with world-renowned corporations. With their influence, lower the cost of purchasing.
- B Reliance on import for key components. Markets are mainly in U.S. and Europe. Risk arising from changes in exchange rates influences the Company's profit as well.
Responsive strategies:
 - (a) Enhance value added to product design to lower the ratio of components purchasing costs to sales price.
 - (b) Strengthen financial staff's concept of foreign exchange hedge. Judge the trends of exchange at all times to timely evaluate the use of hedge tools for foreign exchange.

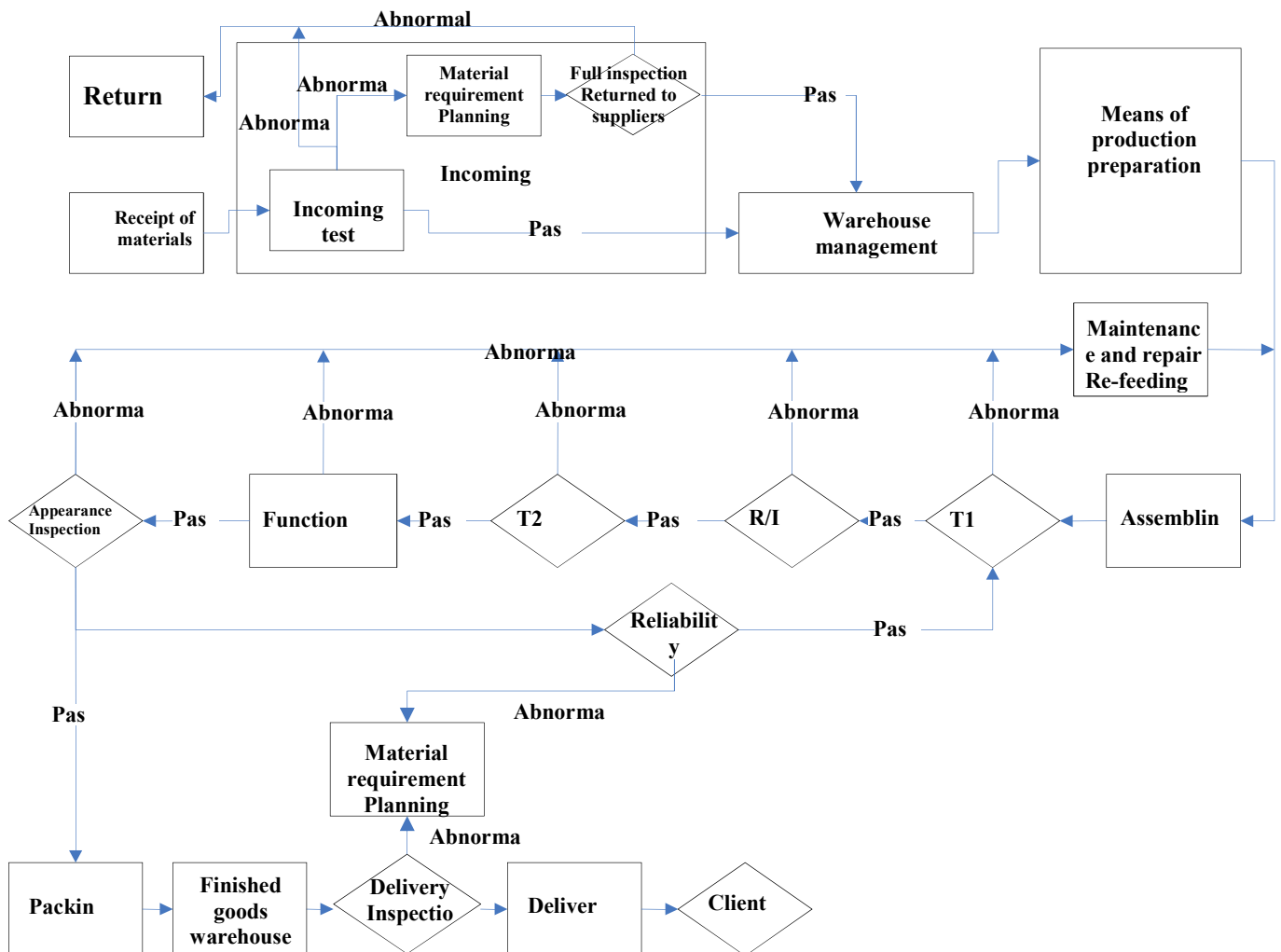
(II) Application and Manufacturing Process of Main Products

1. Main application of products

Depending on the models, rugged laptops and rugged tablets apply to in different fields, including personal, family, office, and outdoor workers, such as military, police, firefighting, warehouse, and logistic. The applications include national defense, public safety, public utilities, field services, telecommunication, transportation, petroleum and natural gas, and numerous special applications.

2. Manufacturing Process

Flow Chart for systematic assembling technique



(III) Supply of the main materials

Item	Solid-state disk driver	Battery	CPU	LCD
Supplier	Synnex Technology International Corporation Solid State Storage Technology Corporation	Japone Technology Inc. -	Synnex Technology International Corporation Warming Technolgy Co., Ltd.	Emerging Display Technologies Corp. 3ASCREEN Corporation

(IV) Name and Procurement (Sales) Amount and Percentage of Suppliers Accounting for at Least 10% of Annual Consolidated Net Procurement in Either of the Preceding 2 Fiscal Years

Information on Major Suppliers for the Most Recent 2 Years

Unit: thousand New Taiwan Dollars

2023					2024			
Item	Name	Amount	As percentage of total net procurement for the year (%)	Relation with the issuer	Name	Amount	As percentage of total net procurement for the year (%)	Relation with the issuer
1	Others	628,513	100	-	Synnex Technology International Corporation	81,561	10	-
2	-	-	-	-	Others	665,533	90	-
	Net purchase	628,513	100		Net purchase	747,094	100	

Information on Major Customers for the Most Recent Two Years

Unit: thousand New Taiwan Dollars

2023					2024			
Item	Name	Amount	As percentage of total net sales for the year (%)	Relation with the issuer	Name	Amount	As percentage of total net sales for the year (%)	Relation with the issuer
1	Company D	142,804	13	-	Company P	129,173	10	-
2	Others	937,815	87	-	Others	1,120,344	90	-
	Net sales	1,080,619	100		Net sales	1,249,517	100	

Note 1: Setting forth the names of any clients that have supplied (sold) 10% or more of the company's procurements (sales) in either of the preceding 2 fiscal years, and the monetary amount and the proportion of such procurements (sales) as a percentage of total procurements (sales); however, if the company is prohibited by contract from revealing the name of a trading counterpart, or the trading counterpart is an individual person who is not a related party, a code may be used in place of such trading counterpart's actual name.

III. Number of employees, average tenure, average age and distribution of education backgrounds of employees in the parent company and subsidiaries during the most recent two years and as of the publication date of this annual report

05/05/2025

Year		2023	2024	Year to date 05/05/2025
Number of employees	Direct employees	25	29	30
	Indirect employees	167	182	190
	Total	192	211	220
Average age		45.53	45.45	45.37
Average tenure		11.13	10.89	10.54
Distribution of educational background	PhD	0.0%	0.0%	0.0%
	Master's degree	16.7%	20.85%	21.82%
	College	60.9%	56.40%	56.36%
	Senior high school	21.4%	21.33%	20.91%
	Below senior high school	1.0%	1.42	0.91%

Note: Please provide data during the current year as of the publication date of this annual report (Excluding temp workers)

IV. Spending on environmental protection

- (I) Losses and penalties due to environmental pollution during the most recent year and as of the publication date of this annual report: None.
- (II) Countermeasures and possible expenditures going forward: compliance with the most updated laws and no expenditures foreseeable
- (III) Response to the implementation of the RoHS (Restriction of Hazardous Substances Directive) in the European Union: The Company has always observed the laws relevant to the industry and has put in place environmental protection measures and lead-free manufacturing processes. We are confident with the quality of our products for all markets in the world. Hence, the effectiveness of the Directives should not have material adverse influence on the Company.

V. Labor relations

- (I) The Company's employee benefit schemes, training & education, retirement system and implementation, labor agreements and measures to protect employees' rights
 - 1. Benefit schemes and implementations
 - (1) Employees' remuneration
 - (2) Gift vouchers for three major holidays/gift money for Lunar Year holidays/birthday gift money
 - (3) Year-end bonus
 - (4) Bonuses and incentives: incentives for product sales; bonuses for product development projects; incentives for employees' performance; incentives for employees' proposals of patents, creation and invention; incentives for innovation proposals
 - (5) Complete education and training and successful promotion channels
 - (6) Annual leaves and birthday leave
 - (7) Employee group insurance
 - (8) Subsidies offered by Employee Welfare Committee: wedding, childbirth, hospitalization, funeral

- (9) Employee travels, hang-out and birthday celebration and irregular festival dinners
 - (10) Annual health examinations
 - (11) Health seminars
 - (12) The vending machine provides beverages with preferential subsidies, free cookies and snacks each day, and free tea time each month.
2. Training and education programs
- To develop the right work attitude and methods and to inspire employees to realize potential, the Company has put in place the procedures for training and education. New hires are given orientation training when onboarding. Professional training is provided based on department needs, employees' skillsets and job functions. Personnel unit also arrange management and language training for supervisors according to corporate operation guidelines and annual budgets. Information on external training programs is provided from time to time for the development of high-caliber professionals. This boosts operational performance and fully utilizes human resources.
3. Retirement system and implementation
- The Company's retirement scheme adheres to the Enforcement Rules of the Labor Pension Act. The old tenure system was all completed before or on August 31, 2007. The new system is applicable to all current employees.
- The new retirement system is as follows:
- (1) New retirement requirements: Any employee at the full age of 60 can apply for retirement.
 - (2) The new pension system is based on the employee's total monthly wage. A monthly contribution of 6% to the employee's person pension account according to the tiered wage criteria issued by the central competent authority.
4. Labor agreements and measures to protect employees' rights
- The employees of the Company have not formed a labor union, nor has a collective agreement been signed. However, to promote harmonious labor-management relations, enhance communication, and improve work efficiency, the Company holds irregular meetings between labor and management representatives. In addition, quarterly labor-management meetings are convened to allow employees to express their opinions and provide suggestions. Labor representatives are elected by all employees and are fully empowered to represent them in such meetings. These meetings aim to understand the views of all employees and address any issues, thereby fostering a sense of unity among staff and maintaining smooth two-way communication channels between labor and management to enhance mutual support, trust, and cooperation.
- The Company has also established Employee Welfare Committee as required by regulations. Employees elect committee representatives in an open way. Regular health checks are arranged. Both the employer and employees' representatives express views on benefits offered and such full communication protects employees' rights.
- The Company has established the Occupational Safety and Health Committee in accordance with the regulations. The Committee is mainly responsible for reviewing and suggesting occupational safety and health related matters, including health management, related measures, planning and management measures, in order to ensure the employees' work safety and improve the workplace safety and health level.
- (II) Losses due to labor disputes during the most recent year and as of the publication date of this annual report, estimated current and potential amounts and countermeasures: None.

VI. Information and communication security management

- (I) Information and communication security management structure, information and communication security policy, management measures and resources invested on information and communication security management:
1. Information and communication security management structure
The Company inspects information and communication security each year, reviews digitalization and info processing and reports to the Board of Directors after year end. The highlights are the review of overall information architecture; backup integrity and availability; comprehensiveness of information security measures; robustness of the internal security protection mechanism; and implementation of improvement measures.
 2. Information and communication security policy
 - (1) Compliance with ISO9001 information requirements and standards
Relevant information requirements and standards are based on the ISO9001 information service management procedures.
 - (2) Information and communication security management policy
Formulation of Twinhead standards on information use, covering employees' work machines, emails and Internet browsing management. The purpose is to effectively maintain the Company's internal information environment.
 3. Management measures
 - (1) Adopt the physical firewall to block external cyber attack and, in conjunction with active directory servers, user authorization of Internet browsing is set up.
 - (2) Establish the email filtering system and scan and separate emails that are identified as spam.
 - (3) Endpoint anti-virus software is installed on work machines in advance. Virus codes on servers are also updated from time to time.
 - (4) Implement the user's authority to open or browse files.
 - (5) Establish and update the information security testing platform, and conduct regular safety testing and repair of important systems.
 - (6) Conduct the internal audit on information security each year in response to the Company's internal audit unit.
 - (7) Establish a phishing drill mechanism to strengthen the awareness of the Company's members to the protection of network intrusion.
 - (8) Information security personnel training to meet the information security requirements of TWSE/TPEX listed companies.
 4. Resource investment in information and communication security management
 - (1) Budgeting
Implementation results are reviewed at the year end in order to scope improvement measures and budgets for the following year.
 - (2) Systems and functions outsourcing to enhance maintenance capabilities
Phone exchanges and GMP green supply chain management system are jointly maintained with vendors.
 - (3) Human resources of IT department
Responsible for requirements integration and analysis; ERP system planning, management and maintenance; telecom networks and cybersecurity equipment management and maintenance; signoff procedure management and maintenance; management and maintenance of production lines and customization and telecom/networking hardware
- (II) Losses arising as a result of major cybersecurity incidents in the last year up until the publication date of annual report, and possible impacts and response measures; state the reasons if losses can not be reasonably estimated: None.

VII. Important contracts

Nature of the contract	Contract party	Contract start date	Main contents	Restrictive clause
Sales contract	Company P	01/10/'23 ~ 01/10/'26	Purchase of the Company's products Determination of the model, region, authorization form, payment terms, warranty period, maintenance time, and contract attachment for delivery.	Confidentiality of documents and data
Sales contract	Company L	15/07/'24 ~ 15/07/'25	Purchase of the Company's products Determination of the model, region, authorization form, payment terms, warranty period.	Confidentiality of documents and data

Note: Coded as the contract prohibits the disclosure of the client's name

Five. Review and analysis of financial position and business performance, and risk management issues

I. Financial position

Major reason and impact of significant changes in assets, liabilities and equity during the most recent 2 years:

Comparative Statement of Financial Position

Unit: Thousand New Taiwan Dollars

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	689,093	881,471	192,378	27.92
Non-current assets	617,888	601,314	(16,574)	(2.68)
Total assets	1,306,981	1,482,785	175,804	13.45
Current liabilities	799,168	827,251	28,083	3.51
Non-current liabilities	79,582	62,672	(16,910)	(21.25)
Total liabilities	878,750	889,923	11,173	1.27
Share capital	310,002	403,000	92,998	30.00
Paid-in-capital	35	35	0	0.00
Retained earnings	124,784	187,539	62,755	50.29
Other equity	18,418	30,982	12,564	68.22
Non-controlling interest	(25,008)	(28,694)	(3,686)	14.74
Total equity	428,231	592,862	164,631	38.44
Explanation for significant changes:				
1. The increase in current assets is mainly due to the increase in cash and cash equivalents.				
2. The decrease in non-current liabilities is mainly due to decrease in lease liabilities.				
3. The increase in share capital in the current period is mainly due to the issuance of new shares through capital increase out of earnings.				
4. The increase in retained earnings is mainly due to the profit in the current period.				
5. The increase in other equity for the period is mainly due to the result of the disposal of the equity instrument at fair value through other comprehensive income.				

II. Financial performance

(I) Main reason for the material changes in operating revenue, operating profit and pre-tax income for the most recent two years:

Unit: thousand New Taiwan Dollars

Item \ Year	2023	2024	Amount of changes	Rate of changes (%)
Operating revenue	1,080,619	1,249,517	168,898	15.63
Operating cost	683,843	779,113	95,270	13.93
Gross profit	396,776	470,404	73,628	18.56
Operating expense	324,587	356,458	31,871	9.82
Operating profit	72,189	113,946	41,757	57.84
Non-operating revenue and expense	37,900	51,487	13,587	35.85
Net income before tax	110,089	165,433	55,344	50.27
Income tax expense	(6,702)	(2,661)	4,041	(60.30)
Current net income	103,387	162,772	59,385	57.44
Explanation for significant changes:				
1. The increase in operating profit was mainly due to increase in operating revenue and gross profit.				
2. The increase in non-operating revenue and expense is mainly due to increase in interest revenue and gains on foreign exchange.				

(II) Sales volume forecast and the basis therefor, the effect upon the company's financial operations and measures to be taken in response: None.

III. Cash flows

(I) Liquidity analysis for the most recent two years

Unit: thousand New Taiwan Dollars

Item	2023	2024	Amount of changes	Rate of changes %
Operating activities	179,527	254,671	75,144	41.86
Investing activities	2,783	(19,158)	(21,941)	(788.39)
Financing activities	(47,836)	(108,743)	(60,907)	(127.32)
Effects of changes in exchange rates	20	(1,386)	(1,406)	(7,030.00)
Net cash inflows (outflows)	134,494	125,384	(9,110)	(6.77)

Explanation for changes in ratios:

1. Increase in net cash inflows from operating activities is mainly due to increase in profit of this year.
2. The decrease in net cash inflow from investing activities is mainly due to the disposal of non-current assets held for sale in the previous period.
3. Increase in net cash outflow from financing activities is mainly due to debt repayment.
4. Effects of changes in exchange rates: It was mainly due to decrease in gains and losses on the exchange differences resulting from translating the financial statements in foreign operations.

(II) Remedy for Cash Deficit and Liquidity Analysis: None.

(III) Cash Flow Analysis for the Coming Year:

Unit: thousand New Taiwan Dollars

Opening cash balance (2025/1/1)	Net cash flow from operating activities	Cash outflow	Cash surplus (deficit)	Remedy for cash deficit	
				Investment plans	Financing plans
490,294	194,611	138,890	546,015	-	-

Explanation for analysis of change in cash flow:

1. Operating activities: Estimated cash inflows were mainly due to operating profit.
2. Cash outflow for the year: The estimated cash outflow is mainly due to debt repayment and other capital expenditure.

IV. Impact of major capital expenditures during the most recent year on financials and business

(I) Major capital expenditure items and source of capital: None.

(II) Expected potential benefits: None.

V. Equity investment policy during the most recent year, main reasons for the resulting profits/losses, improvement plan and equity investment plan for the coming year

The Company reinvests mainly in our subsidiaries. There is no other investment plan the coming year currently.

VI. Analysis and assessment of risks for the most recent year and as of the publication date of this annual report

(I) Impacts posed by interest rate, foreign exchange rate fluctuation and inflation to the Company's income, and future responsive measures:

1. Interest rates: The change in interest rates was insignificant during the most recent year. Hence, interest rate fluctuations are unlikely to cause significant risks.
2. Exchange rates: To manage exchange rate risks, the Company keeps its net position of foreign currencies to a certain amount.
The Company's credits and debts denominated in foreign currencies are affected by exchange rates. However, the net position of such credits and debts is not significant. The impact of exchange rate changes is thus limited to a certain level.
3. Inflation: The Company keeps an eye on market price trends, adopts a flexible strategy and proactively negotiates with suppliers to mitigate the effects of inflation.

(II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, main causes of profit or loss incurred, and future responsive measures for the most recent year and until the date of publication of the annual report:

The Company is not engaged in highly risky or highly leveraged investments. Lending to others, endorsements/guarantees and transaction of derivatives are in accordance with regulations set by competent authorities and the Company's Procedures for Asset Acquisitions/Disposals; Procedures for Lending, Endorsements and Guarantees and corresponding measures.

(III) R&D plans and expected R&D expenses:

1. The Company plans to develop and launch the following products and services in

2025:

(1) Rugged mobile devices

- Next-generation rugged laptops with the newest computing platform and in data transmission specifications
- High-speed computing mobile workstations with disk arrays
- Light-weight, high-performance tablets with Windows operating system
- Development of peripheral products for a variety of use cases in the industrial and military markets

(2) Artificial intelligence

Predictive service with cloud, big data and analytics for customers to manage and analyze products

2. The Company has placed a long-term emphasis on product innovation and the development and training of R&D talents. Significant resources are invested on the development and mass production of next-generation products, as well as the effective monitoring of market dynamics and product trends. In adherence to the tradition of continued innovations, the Company plans to spend about 8.26% of sales on R&D in 2025. We continue to develop new products and applications and work with channel partners to expand markets and use cases.

(IV) Financial impacts and response measures in the event of changes in local and foreign regulations:

The Company discussed the impact posed by the tariffs with the US customers to adjust the sales strategies in response to changes in the US tariff policies. Meanwhile, the Company stays abreast of changes in other important policies and laws domestic and overseas and responds to amendments of relevant regulations by competent authorities. The Company has adopted corresponding measures and hence there is no significant influence on finance or business.

(V) Financial impacts and response measures in the event of technological or industrial changes (including cybersecurity risks):

The Company keeps a close eye on the development of relevant sectors and evaluates the impact of technological changes on its financials and business and devises countermeasures accordingly. Hence, technological change has no significant effects on the Company's financials or business yet.

(VI) Crisis management, impacts, and response measures in the event of a change in corporate image:

The Company has not experienced changes in its corporate image. The Company has established a corporate website, spokesperson system, investor relations and customer feedback mechanism. We disclose significant news and announcements according to relevant laws and we create a transparent channel for communication and mutual trust to maintain a good corporate image.

(VII) Expected benefits, risks, and response measures in relation to mergers and acquisitions:

No M&A plan as of the publication date of this annual report.

(VIII) Expected benefits, risks, and response measures associated with plant expansions:

No factory expansion plan was available before the date of publication of this annual report.

(IX) Risks and response measures associated with concentrated sales or purchases:

Diversified sales/purchases and hence no overconcentration risks.

(X) Impacts, risks, and response measures following a major transfer of shareholding by directors, supervisors, or shareholders with more than 10% ownership interest:

No such circumstances as of the publication date of this annual report.

(XI) Impacts, risks, and response measures associated with a change of management:

No such circumstances as of the publication date of this annual report.

(XII) Litigation or non-litigation events:

None.

(XIII) Other important risks and countermeasures:

Below is an analysis and assessment of the Company's cybersecurity risks:

1. Network security risks: The Company has deployed firewall equipment and systems and established a mechanism to block cyberattacks. Log-on authority has been set up to mitigate the risk of cyberattacks.
2. Mail security risks: The Company has deployed a mail filtering system with a set of rules governing external emails. Virus information is updated from time to time. Regular scans are conducted. Suspicious emails that may contain viruses are isolated, to avoid computer systems from attacks of virus files or links.
3. Personal computer risks: The Company installs endpoint anti-virus software on employees' computers. Virus codes are updated daily and infected computer files are isolated, to avoid virus attacks.
4. System control and damage risks: The Company implements authorization management on important files. System files are regularly and routinely backed up and storage media is kept at the safe with a bank. This ensures remote backups and reduces recovery risks in event of system abnormality.
5. Information and software risks: The Company's IT department conducts software audits from time to time each year. Each department is staffed with a software auditor, to support the IT department in the inspection and audit of software installed for employees.
6. Conduct the information security promotional campaign and network phishing drill tests, in order to strengthen the company members' awareness of network penetration and intrusion protection and reduce information fraud and intrusion.

VII. Other Important Notes: N/A.

Six. Special Disclosure

- I. Data on affiliated enterprises (as of the publication date of this annual report)
- (I) Affiliation Reports and Consolidated Business Reports: Please refer to the "Three Major Statements for Affiliated Companies" under "Download Electronic Documents" in the "Single Company" section of the MOPS at <https://mops.twse.com.tw/mops/#/web/hom> for details.

(II) Consolidated financial statements of affiliated enterprises

Statement

The companies that should be included in the Company's 2024 consolidated financial statements of affiliated enterprises (from January 1, 2024 to December 31, 2024) according to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as the companies that should be included in the parent's consolidated financial statements of subsidiaries according to IFRS 10 Consolidated Financial Statements endorsed by the Financial Supervisory Commission. Furthermore, the information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the aforesaid parent's consolidated financial statements of subsidiaries. Therefore, the consolidated financial statements of affiliated enterprises are not prepared separately.

Stated as above

Company: Twinhead International Corp.

Chairman: Yu-Jen Kao

Date: March 11, 2025



(III) Relations report: not applicable

II. Private placement of marketable securities during the most recent year and as of the publication date of this annual report:

None.

III. Other matters that require additional disclosures:

None.

IV. Matters that materially affect shareholders' equity or prices of the securities during the most recent year and as of the publication date of this annual report as specified in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act:

None.

Twinhead International Corporation.



Chairman: Yu-Jen Kao

