

KING SHING INDUSTRIAL CO., LTD.

2024

ANNUAL REPORT

Printed on

April 27, 2025

Company website : <https://www.kingshing.com>

Annual report inquiry website : <http://mops.twse.com.tw>

1. The spokesperson and deputy spokesperson of our company, their names, titles, contact phone numbers, and email addresses :

Spokesperson's name : Lai,Tsung-Yen

Title : Chief Financial Officer

TEL : (03)419-5988

E-mail : ir@kingshing.com.tw

Deputy spokesperson's name : Shih,Meng-Chin

Title : Vice President

TEL : (03)419-5988

E-mail : ir@kingshing.com.tw

2. Company address and telephone number

| Company/Factory | Address | TEL |
|---------------------|---|---------------|
| Headquarters (Note) | No. 3, Gongye 1st Road, Pingzhen District, Taoyuan City | (03)419-5988 |
| Sanxia Factory | No. 5-1, Tianfu Rd., Sanxia District, New Taipei City | (02)2672-9910 |

Note: This is the company's registered address.

3. The name, address, website, and phone number of the stock transfer agent :

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

Address : 6F, No. 6, Section 1, Zhongxiao West Road, Zhongzheng District, Taipei City

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

TEL : (02)2371-1658

4. The recent annual financial report's certified public accountant's name, firm name, address, website, and telephone number

Firm Name : PwC Taiwan

Accountant Names : Accountant Lin,Se-Kai 、 Accountant Lin,Chun-Yao

Address : 27F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City

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

TEL : (02)2729-6666

5. The names of the trading venues for the listing and trading of overseas securities, as well as the methods to inquire about information on these overseas securities : None.

6. Company website : <https://www.kingshing.com>

KING SHING INDUSTRIAL CO., LTD.

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I 、Letter to Shareholders

1.1 Business Report：

Unit：NT\$ thousand

| Item | 2024 | 2023 | Difference(%) |
|-----------------------------------|-----------|-----------|---------------|
| Operating revenue | 1,085,128 | 1,033,173 | 5% |
| Operating costs | 736,227 | 729,082 | 1% |
| Operating profit - gross | 348,901 | 304,091 | 3% |
| Operational expenses | 179,172 | 156,079 | 15% |
| Operating profit | 169,729 | 148,012 | 15% |
| Non-operating Income and Expenses | 27,898 | 16,727 | 67% |
| Profit before income tax | 197,627 | 164,739 | 20% |
| Income Tax Expense | 31,626 | 38,726 | -18% |
| Net income for the period | 166,001 | 126,013 | 32% |

1.2 Financial Structure and Profitability：

| Analysis Items | | 2024 | 2023 | Difference (%) |
|---------------------|---|--------|--------|----------------|
| Financial Structure | Debt-to-Asset Ratio (%) | 17.80 | 19.70 | -10% |
| | Long-Term Funding to Fixed Assets Ratio (%) | 182.60 | 174.16 | 5% |
| Profit ability | Return on Assets (ROA) (%) | 8.49 | 6.92 | 23% |
| | Return on Equity (ROE) (%) | 10.29 | 8.92 | 15% |
| | Pre-Tax Net Income to Paid-up Capital Ratio (%) | 32.94 | 27.46 | 20% |
| | Net Profit Margin (%) | 15.30 | 12.20 | 25% |
| | Earnings Per Share (EPS) (NTD) | 2.77 | 2.36 | 17% |

1.3 Development Overview：

Our company was established in March of the 78th year of the Republic of China (1989). Initially engaged in the trade of automotive components, we have since developed into a comprehensive supplier of cooling systems, with complete R&D, manufacturing, and sales capabilities. Our main products include automotive cooling fans, blowers, and brushless inverter motors.

"Meticulous execution, proactive innovation" is our core business philosophy. We are dedicated to the diversification and modularization of motor development. Through close cooperation with key industry players, we are able to stay aligned with international trends in both R&D technology and product quality and performance efficiency, meeting the diverse needs of our customers. Our goal is to adhere to the "quality first, customer satisfaction, and continuous improvement" quality policy. We have obtained international quality certifications such as ISO9001, ISO14001, and IATF16949, becoming a supplier of automotive components known for its "rigorous management, complete processes, and comprehensive product range." Our products are sold through major global channels, providing customers with prompt and comprehensive services.

1.3.1 Products Covering Mainstream Vehicle Models

Our company mainly sells cooling fan products, including engine cooling and air conditioning systems, primarily applied in the automotive field. Our product line includes various passenger cars and heavy trucks from globally renowned car manufacturers, as well as popular car models with high market share. In order to meet the trends and market demands of the automotive industry, we continuously expand our product line to provide more and better high-quality product options.

Compared to the market demands of car manufacturers and system suppliers, the aftermarket focuses more on whether the product range is complete rather than the quantity scale of a single product. In response, our company offers a flexible order approach with small quantities and diverse products, adjusting production and shipping schedules based on delivery timelines. Customers can place short- to medium-term orders based on market conditions and inventory plans, while we make adjustments based on product quality and compatibility to meet changing market demands.

1.3.2 In-House Research and Development and Design

Our company provides a variety of cooling fans and blowers for different vehicle models in the aftermarket. While maintaining the specifications and characteristics of the original equipment products, during the product development phase, our R&D team integrates and analyzes the data and specifications from various vehicle models. We then redesign products with compatibility and commonality in mind, ensuring that both the performance and efficiency of the original manufacturers are considered. This approach allows us to standardize the production processes for the numerous product items, while modularizing the product line to achieve optimal production efficiency and resource allocation. With over 30 years of development and manufacturing experience, our company is able to flexibly design and modify products according to customer needs.

1.3.3 One-Stop Production Process

From the initial product design, including product drawings and mold design, all work is completed within the R&D department. Subsequently, our Thai subsidiary provides a complete production process, including mold manufacturing and modification, plastic injection molding, metal stamping, motor winding, fan assembly, and even carton packaging, all done in-house. For urgent customer orders, we can also adjust production schedules in real-time and flexibly accommodate demands. With a very high in-house production rate, our company is able to control product quality and meet production deadlines effectively.

1.3.4 25 Years of Deep Integration in Thailand, an Automotive Cluster in Asia

Our company established its main production base in Thailand in 2005. The local familiarity with workflows and efficiency in capacity management have reached a high level. The long-term, highly coordinated division of labor between our Taiwanese parent company and the Thai subsidiary ensures smooth operations from mold development, production, assembly, to final packaging and shipment.

our Thai subsidiary is located in Chonburi Province, a well-known hub for automotive manufacturers and automotive component suppliers in Asia. Car manufacturers from

China, Japan, Taiwan, and other regions have also established plants here. The proximity to the supply chain for automotive component raw materials supports our development of OEM business. Due to the recent trade tensions and barriers between China and the U.S., our Thai plant is expected to benefit from the shift of orders from the Chinese region, offering a significant geographical advantage.

1.3.5 Public Listing

To accommodate the expansion of our business scale, the Company has successfully completed its IPO (Initial Public Offering) and is now publicly listed. We continue to attract external capital and strategic investors, while also bringing in professional managers to further enhance corporate governance.

1.4 Business Strategy:

Taiwan is located on the front lines of the geopolitical conflict with China and is also facing the challenges of global supply chain restructuring. Fortunately, our subsidiary in Thailand, Jin Xing, is located in the "Eastern Economic Corridor" of Thailand, with a complete production process and supply chain. The local political and economic environment is also friendly to foreign investments and is not on the list of regions affected by trade barriers in Europe and the U.S. This allows us to avoid these severe challenges. Currently, major automotive manufacturers and their supply chains are rapidly establishing factories in Thailand, creating a hub for automotive components. Our company has leveraged this favorable geographical location to market globally.

In addition, as the automotive repair market continues to demand higher precision and quality, we have also strengthened our quality and management measures to ensure our product competitiveness:

1.4.1 Strengthening Management Functions:

We ensure that the policies implemented by the company are effectively executed, and based on this, we evaluate the performance of each department, improving the efficiency of management systems. We also establish operational processes to achieve comprehensive quality management, eliminate internal waste, and enhance our ability to generate "management assets."

1.4.2 Quality Control:

We have established a comprehensive quality control process, including quality inspection and control from raw material procurement through the production process. This reduces internal defect rates and external customer complaints, ensuring the stability of product and service quality. In turn, this enhances customer satisfaction, strengthens the loyalty of existing customers, and builds long-term good relationships. Additionally, we have strengthened the training of quality control personnel to ensure they possess strong quality awareness and skills.

1.4.3 Supply Chain Management:

We have strengthened our management of suppliers, building good cooperative relationships with them. We require suppliers to meet high-quality standards and have established a supplier evaluation system to ensure the stability and reliability of the

quality of the parts and materials provided. Expanding into New Markets.

1.4.4 Expanding New Markets:

We maintain good interactions with Tier 1 manufacturers, striving to become their best partners. In response to the future trends of the automotive industry towards lightweighting, electronics, and electrification, we continuously meet customer demands for new technologies and design and develop various products accordingly. We also focus on expanding into Central and South America as key new markets to mitigate the alternating peak and off-peak seasons in the Northern and Southern hemispheres, maintaining growth momentum and expanding our operational scale.

1.5 Impact of External Competitive Landscape, Regulatory Environment, and Macroeconomic Conditions.

(1) Impact of the External Competitive Environment

The Company's primary competitors are manufacturers from Mainland China and a few from Taiwan. In response to global supply chain restructuring and geopolitical risks, we continue to strengthen product quality and drive technological innovation, offering high-performance thermal management solutions. Our major clients are predominantly leading distributors of automotive components in Europe and the United States. With quality certifications and endorsements from key clients, we have maintained our competitiveness and continued growth despite the ongoing global trade tensions.

According to statistics from the Taiwan Transportation Vehicle Manufacturers Association, Taiwan's automotive parts exports reached NT\$228.5 billion in 2024, representing a 1.36% increase compared to 2023. This reflects the continued enhancement of Taiwan's competitiveness in the global automotive parts manufacturing industry.

(2) Impact of the Regulatory Environment

As a specialized supplier of automotive cooling motor fans, our manufacturing processes do not produce exhaust gases or wastewater. The scrap materials generated are handled by certified recycling vendors for reuse. We have obtained ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System certifications, and we strictly comply with all government environmental and occupational safety regulations.

In recent years, our motor R&D has increasingly focused on energy conservation and carbon reduction. Our new products can connect with vehicle electronic control units (ECUs) to optimize energy efficiency, meeting tightening global environmental regulations and aligning with the development trends of hybrid and electric vehicles.

(3) Impact of the Overall Business Environment

Taiwan's automotive parts industry is characterized by low-volume, high-mix and flexible manufacturing capabilities. With continuous investments in R&D and production technology, the industry has built strong international competitiveness, attracting foreign distributors to centralize procurement in Taiwan. Under our strategic specialization approach, the Company has established headquarters and production bases in Pingzhen, Sanxia, and Chonburi, Thailand, strengthening our global supply chain deployment.

The United States remains our primary sales region. The U.S. aftermarket (AM) for vehicle

repair and parts reached USD 391 billion in 2023 and is projected to grow at a compound annual growth rate (CAGR) of 4.8% from 2023 to 2027, reaching USD 470 billion by 2027. In addition, the number of vehicles in operation in the U.S. is expected to reach 290 million units in 2024. The growing vehicle fleet and aging vehicles are driving a market opportunity of over USD 400 billion in the AM sector, with sustained growth expected.

With a comprehensive global distribution network in place, the Company holds a clear competitive advantage, laying a solid foundation for long-term sustainable growth.

1.6 Looking to the Future:

The global automotive industry is undergoing structural transformation. The driving forces behind market demand and technological development are not only the increased requirements for environmental protection and energy efficiency but also the restructuring of global supply chains and markets:

1. Mature Markets (e.g., North America, Europe, Japan): While new car sales are slowing, the overall vehicle ownership continues to expand, and the average age of vehicles is increasing. In the U.S., the average age of vehicles has reached 12.6 years (an increase of one year since 2017).
2. Emerging Markets (e.g., Southeast Asia, South America, and the Middle East): The number of vehicles is still growing rapidly, and these regions will become the major markets for vehicle repair and replacement parts in the future.
3. The increase in U.S. tariffs on automotive parts from Mexico and China has led to a widening price gap between AM (aftermarket) and OE (original equipment) parts, benefiting the growth of the AM market. Our company continues to strengthen its production and market presence in Thailand (ASEAN).

The growth in the number of vehicles, the increasing average vehicle age, and the restructuring of the global supply chain will continue to drive the demand for our products in the market.

1.6.1 Short-Term Development Strategy:

- A. Focus on brushless motor cooling fan technology, utilizing brushless DC motors (BLDC combined with LIN Bus communication protocols), to meet the needs of new-generation gasoline vehicles, hybrid vehicles, and electric vehicles. We continue to improve the energy efficiency, durability, and intelligent control of brushless fans to meet energy-saving and environmental protection requirements.
- B. Deepen and expand the aftermarket (AM) by developing dedicated cooling fans for various vehicle types, such as refrigerated trucks, logistics vehicles, trucks, and tour buses. At the same time, further expand into the Original Equipment Service (OES) market to enhance the influence and visibility of our products.

1.6.2 Medium-Term Development Strategy:

- A. Promote smart manufacturing by introducing automated production equipment and MES (Manufacturing Execution System) technologies to improve production efficiency and quality stability. We will also leverage big data analytics to optimize production planning and equipment maintenance, reducing production costs and

downtime.

- B. Expand our global market presence, deepening our foothold in North America and Europe, while expanding into ASEAN (Thailand, Indonesia, Vietnam) and South American markets to reduce reliance on any single market.

1.6.3 Long-Term Development Strategy:

- A. Expand into the electric vehicle (EV) and new energy markets, accelerating the development of EV products and enhancing battery thermal management, motor cooling, and smart thermal solutions to increase the penetration rate of electric vehicle products.
- B. Strengthen OEM (Original Equipment Manufacturer) partnerships, deepening collaboration with automakers in the supply chain for electric vehicles and hybrid vehicles to increase added value. We will also explore the manufacturing potential for other EV parts, such as related plastic components, metal parts, and motors.
- C. Diversify global business and supply chains to reduce reliance on North America and Europe, expand into Southeast Asia and South America, and optimize production plans to mitigate the impact of regional market fluctuations, enhancing operational flexibility.

The automotive market is moving toward intelligent, electric, and globally restructured supply chains, and the demand for brushless motor cooling fans will continue to grow. Our company will focus on technology upgrades, smart manufacturing, market expansion, and global layout. We aim to gain advantages in both the AM and OEM markets, drive the development of electric vehicle thermal management technologies, increase product value-added, and ensure sustainable development for the company. We are poised to seize the next wave of transformation and upgrade opportunities in the automotive industry.

Chairman : SHIH, CHUN-CHIN

Manager: SHIH, CHUN-CHIN

Accounting Supervisor: LAI,ZONG-YAN

II 、Corporate Governance Report

2.1 Information on directors, supervisors, President, Vice President, Junior VP, and officers of departments and branches

2.1.1 Director and Supervisors Information

1. Director and Supervisors Information：

March 31, 2025; Unit: Thousand shares; %

| Title | Nationality or Place of Registration | Name | Gender/ Age | Date elected | Term of Office | Date first elected or appointed | Shareholding when elected or appointed | | Current shareholding | | Current shareholding of spouse and minor children | | Shareholding in the name of others | | Major Experience (Education) | Concurrent positions in the Company and other companies now | Spouse or relatives within the Second degree of kinship who are officers, directors, or supervisors of the Company | | | Remarks |
|---------------------|--------------------------------------|--|-----------------|--------------|----------------|---------------------------------|--|-------|----------------------|-------|---|---|------------------------------------|-------|---|---|--|----------------------|---------------------|---------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Job title | Name | Relationship | |
| Chairman (note1) | R.O.C | Shih, Chun-Chin | Male 61~70 | 2024/2/5 | 3years | 2009/10/30 | 9,683 | 16.14 | 8,577 | 13.00 | — | — | 11,383 | 17.25 | College of Management, National United University EMBA, National Taipei University of Technology | President, King Shing Industrial Co., Ltd The Chairman concurrently serving as the President., King Shing Automobile Parts Co., Ltd. Chairman, QLAO ZHONG INVESTMENT CO., LTD. Chairman, YONG GUANG INVESTMENT CO., LTD. | Director | Shih,Meng-Chin | Father and Daughter | — |
| | | | | | | | | | | | | | | | | | Supervisors | Hsieh,Yu-Yun (Note2) | Spouse | — |
| | | | | | | | | | | | | | | | | | Deputy General Manager | Shih,Meng-Hsin | Father and Daughter | — |
| Director | R.O.C | Ku, Chi-Hui | Male 51~60 | 2024/2/5 | 3years | 2009/10/30 | 7,500 | 12.50 | 7,477 | 11.33 | — | — | 3,723 | 5.64 | Department of Electronic Engineering, St. John's University | Deputy Manager, King Shing Industrial Co., Ltd Chairman, CHU YUN CO., LTD. | Director | Shao,Zhong-Ping | Spouses of Sisters | — |
| | R.O.C | Legal Representative：CHU YUN CO., LTD. | — | 2024/2/5 | 3years | 2024/2/5 | 3,723 | 6.21 | 3,723 | 5.64 | — | — | — | — | — | — | — | — | — | — |
| Director | R.O.C | Shih, Meng-Chin | Female 31~40 | 2024/2/5 | 3years | 2009/10/30 | 560 | 0.93 | 1,249 | 1.89 | — | — | 590 | 0.89 | Department of Finance and Taxation, Aletheia University EMBA, National Taipei University of Technology | Vice President, King Shing Industrial Co., Ltd Chairman, YING YI INVESTMENT CO., LTD. | Chairman | Shih,Chun-Chin | Father and Daughter | — |
| | | | | | | | | | | | | | | | | | Supervisors | Hsieh,Yu-Yun (Note2) | Spouse | — |
| | | | | | | | | | | | | | | | | | Deputy General Manager | Shih,Meng-Hsin | Sister and Brother | — |
| | R.O.C | Legal Representative：QLAO ZHONG INVESTMENT CO., LTD. | — | 2024/2/5 | 3years | 2024/2/5 | 11,233 | 18.72 | 11,033 | 16.72 | — | — | — | — | — | — | — | — | — | — |

| Title | Nationality or Place of Registration | Name | Gender/ Age | Date elected | Term of Office | Date first elected or appointed | Shareholding when elected or appointed | | Current shareholding | | Current shareholding of spouse and minor children | | Shareholding in the name of others | | Major Experience (Education) | Concurrent positions in the Company and other companies now | Spouse or relatives within the Second degree of kinship who are officers, directors, or supervisors of the Company | | | Remarks |
|----------------------|--------------------------------------|---|-------------|--------------|----------------|---------------------------------|--|------|----------------------|------|---|-------|------------------------------------|------|---|--|--|------------|------------------|---------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Job title | Name | Relationship | |
| Director | R.O.C | Shao, Zhong-Ping | Male 51~60 | 2024/2/5 | 3years | 2009/10/30 | — | — | 3,870 | 5.86 | 7,476 | 11.33 | 3,870 | 5.86 | Department of Applied Mathematics , Fu Jen Catholic University Institute of Mathematics, Fu Jen Catholic University Institute of Information Assistant, Academia Sinica Computer Center Technician and Adjunct Lecturer, Huafan University Adjunct Lecturer, National Hsinchu University of Education Adjunct Lecturer, Tungnan University | Chairman, SHENG JI CHANG INTERNATIONAL CO., LTD. | Director | Ku,Chi-Hui | Spouse's Brother | — |
| | R.O.C | Legal Representative : SHENG JI CHANG INTERNATIONAL CO., LTD. | — | 2024/2/5 | 3years | 2024/2/5 | 3,870 | 6.45 | — | — | — | — | 150 | 0.23 | — | — | — | — | — | — |
| Director | R.O.C | LIU, Yen-Ti | Male 51~60 | 2024/2/5 | 3years | 2023/8/11 | — | — | 150 | 0.23 | — | — | — | — | Department of Business Administration, Chaoyang University of Technology | The Chairman concurrently serving as the President., Cryomax Cooling System Corp. Director, Shi-Yuan Investment Company President, Cryomax U.S.A. Inc. Director, Crohan International Ltd. Director, Cryomax Internation Ltd. Director, Coolmax-way Auto Parts Co., Ltd. Director, Nanjing Cryomax Auto Parts Co., Ltd. | — | — | — | — |
| | R.O.C | Legal Representative : JIN JIE INVESTMENT CO., LTD. | — | 2024/2/5 | 3years | 2024/2/5 | 150 | 0.25 | — | — | 7,476 | 11.33 | 3,870 | 5.86 | — | — | — | — | — | — |
| Independent Director | R.O.C | Liu, Teng-Fa | Male 71~80 | 2024/2/5 | 3years | 2024/2/5 | — | — | — | — | — | — | — | — | Institute of Accounting, Soochow University | Certified Public Accountant (CPA), Yuguan Certified Public Accountants Co., Ltd. Supervisor, Eco Energy Corporation Director, Guangkai Corporation Limited Supervisor, Mingqu Energy Engineering Co., Ltd. Director, Guangxin Investment Co., Ltd. Director, Guangyi Development Enterprise Co., Ltd. Director, Oumin Enterprise Co., Ltd. | — | — | — | — |
| Independent Director | R.O.C | Tsai, Jung-Fa | Male 51~60 | 2024/2/5 | 3years | 2024/2/5 | — | — | — | — | — | — | — | — | Doctor of Information Management, National Chiao Tung University Master of Information Management, National Chiao Tung University Department of Computer Science, Tunghai University | Professor, National Taipei University of Technology, Taipei Tech Independent Director, Rayzher Industrial Co.,Ltd. | — | — | — | — |
| Independent Director | R.O.C | Wang, Chi-Chuan | Male 61~70 | 2024/2/5 | 3years | 2024/2/5 | — | — | — | — | — | — | — | — | Doctor of Mechanical Engineering, National Chiao Tung University Master of Mechanical Engineering, National Chiao Tung University Bachelor of Mechanical Engineering, National Chiao Tung University | Professor, National Yang Ming Chiao Tung University Independent Director, Cryomax Cooling System Corp. Independent Director, Bestec Power Electronics Co., Ltd. | — | — | — | — |

| Title | Nationality or Place of Registration | Name | Gender/ Age | Date elected | Term of Office | Date first elected or appointed | Shareholding when elected or appointed | | Current shareholding | | Current shareholding of spouse and minor children | | Shareholding in the name of others | | Major Experience (Education) | Concurrent positions in the Company and other companies now | Spouse or relatives within the Second degree of kinship who are officers, directors, or supervisors of the Company | | | Remarks |
|----------------------|--------------------------------------|----------------|--------------|--------------|----------------|---------------------------------|--|---|----------------------|---|---|---|------------------------------------|---|--|--|--|----------------|---------------------|---------|
| | | | | | | | Shares | % | Shares | % | Shares | % | Shares | % | | | Job title | Name | Relationship | |
| | | | | | | | | | | | | | | | Senior Researcher, Industrial Technology Research Institute Institute of Energy and Environment | | | | | |
| Independent Director | R.O.C | Chiu, Kuo-Wang | Male 61~70 | 2024/2/5 | 3years | 2024/2/5 | — | — | — | — | — | — | — | — | Department of Law, Fu Jen Catholic University Managing Attorney, Kuo-Wang Law Firm | — | — | — | — | — |
| Supervisors | R.O.C | Hsieh, Yu-Yun | Female 61~70 | 2022/7/29 | Note2 | 2022/7/29 | — | — | — | — | — | — | — | — | Xiaoyang Commerce and Industry Yangxing (Co., Ltd.) soei boots co., ltd. | QLAO ZHONG INVESTMENT CO., LTD. - Supervisors YONG GUANG INVESTMENT CO., LTD. - Supervisors | Chairman | Shih,Chun-Chin | Spouse | — |
| | | | | | | | | | | | | | | | | | Director | Shih,Meng-Chin | Mother and daughter | — |
| | | | | | | | | | | | | | | | | | Deputy General Manager | Shih,Meng-Hsin | Mother and daughter | — |
| Supervisors | R.O.C | Yu,Chia-Kai | Male 31~40 | 2023/8/11 | note3 | 2023/8/11 | — | — | — | — | — | — | — | — | Penghu University of Science and Technology -Master of Service Administration honglu co., ltd.-Special Assistant | — | — | — | — | — |

Note1 : The reasons, rationale, necessity, and measures taken for the company's chairman concurrently serving as the president are explained as follows :

The chairman of our company concurrently serves as the president to enhance operational efficiency and decision-making agility, effectively linking board members to participate in company decisions at any time and fostering consensus to facilitate the implementation of board resolutions.

Note2 : Retired on 2024.02.04.

2. Major shareholders of corporate shareholders :

March 31, 2025

| Corporate shareholders | Major shareholders of corporate shareholders | % |
|--|--|-------|
| CHU YUN CO., LTD. | Ku, Chi-Hui | 72.18 |
| | Ku, Jia-Wei | 13.90 |
| | Ku, En-Wei | 13.90 |
| | Huang, Li-Chun | 0.02 |
| QLAO ZHONG INVESTMENT CO., LTD. | YING YI INVESTMENT CO., LTD. | 30.06 |
| | YING ZHU INVESTMENT CO., LTD. | 30.06 |
| | WAN YING INVESTMENT CO., LTD. | 30.06 |
| | Shih, Chun-Chin | 9.68 |
| | YONG GUANG INVESTMENT CO., LTD. | 0.14 |
| SHENG JI CHANG INTERNATIONAL CO., LTD. | Shao, Zhong-Ping | 53.12 |
| | Ku, Ying-Chen | 20.26 |
| | Shao, Chi-Wei | 13.31 |
| | Shao, Chih-Ying | 13.31 |
| JIN JIE INVESTMENT CO., LTD. | Liu, Chieh-Yu | 40.00 |
| | Liu, Jin-Ting | 40.00 |
| | LIU, Yen-Ti | 10.00 |
| | Hsu, Mei-Zhi | 10.00 |

3. The primary shareholder(s) of corporate shareholders who are themselves corporations, and their primary shareholders :

March 31, 2025

| Corporate name | Principal shareholders of the corporate name | % |
|---------------------------------|--|-------|
| YING YI INVESTMENT CO., LTD. | Shih, Meng-Chin | 99.86 |
| | Shih, Meng-Hsin | 0.07 |
| | Shih, Yi-Tai | 0.07 |
| YING ZHU INVESTMENT CO., LTD. | Shih, Meng-Hsin | 99.86 |
| | Shih, Meng-Chin | 0.07 |
| | Shih, Yi-Tai | 0.07 |
| WAN YING INVESTMENT CO., LTD. | Shih, Yi-Tai | 99.86 |
| | Shih, Meng-Chin | 0.07 |
| | Shih, Meng-Hsin | 0.07 |
| YONG GUANG INVESTMENT CO., LTD. | Shih, Chun-Chin | 50.00 |
| | Hsieh, Yu-Yun | 50.00 |

4. The expertise and independence of directors

| Job title | Name | Professional qualification and experience | Independence | Number of other public companies in which the individual is concurrently serving as an independent director |
|----------------------|------------------|---|---|---|
| Chairman | Shih, Chun-Chin | Detailed educational and professional background (3.2.1) Director Information ◦ There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | There is no occurrence of any of the circumstances as stated in Article 26-3 of the Securities and Exchange Act. | — |
| Director | Ku, Chi-Hui | Detailed educational and professional background (3.2.1) Director Information ◦ There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | There is no occurrence of any of the circumstances as stated in Article 26-3 of the Securities and Exchange Act. | — |
| Director | Shih, Meng-Chin | Detailed educational and professional background (3.2.1) Director Information ◦ There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | There is no occurrence of any of the circumstances as stated in Article 26-3 of the Securities and Exchange Act. | — |
| Director | Shao, Zhong-Ping | Detailed educational and professional background (3.2.1) Director Information ◦ There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | There is no occurrence of any of the circumstances as stated in Article 26-3 of the Securities and Exchange Act. | — |
| Director | LIU, Yen-Ti | Detailed educational and professional background (3.2.1) Director Information ◦ There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | There is no occurrence of any of the circumstances as stated in Article 26-3 of the Securities and Exchange Act. | — |
| Independent Director | Liu, Teng-Fa | Detailed educational and professional background (3.2.1) Director Information ◦ There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | All independent directors of the Company comply with the independence regulations specified in Article 3 of the "Regulations Governing the Appointment of Independent Directors of Public Companies and Compliance Matters", including but not limited to the following: neither the director themselves, their spouse, nor relatives within the second degree of kinship hold positions as directors, supervisors, or employees of the Company or its related enterprises; they do not hold any shares of the Company; they do not serve as directors, supervisors, or employees of companies with specific relationships to the Company; and they have not received remuneration exceeding 500,000 in the past two years for providing business, legal, financial, accounting, or other services to the Company or its related enterprises. | — |

| Job title | Name | Professional qualification and experience | Independence | Number of other public companies in which the individual is concurrently serving as an independent director |
|----------------------|----------------|---|---|---|
| Independent Director | Tsai,Jung-Fa | Detailed educational and professional background (3.2.1) Director Information ° There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | All independent directors of the Company comply with the independence regulations specified in Article 3 of the "Regulations Governing the Appointment of Independent Directors of Public Companies and Compliance Matters", including but not limited to the following: neither the director themselves, their spouse, nor relatives within the second degree of kinship hold positions as directors, supervisors, or employees of the Company or its related enterprises; they do not hold any shares of the Company; they do not serve as directors, supervisors, or employees of companies with specific relationships to the Company; and they have not received remuneration exceeding 500,000 in the past two years for providing business, legal, financial, accounting, or other services to the Company or its related enterprises. | 1 |
| Independent Director | Wang,Chi-Chuan | Detailed educational and professional background (3.2.1) Director Information ° There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | All independent directors of the Company comply with the independence regulations specified in Article 3 of the "Regulations Governing the Appointment of Independent Directors of Public Companies and Compliance Matters", including but not limited to the following: neither the director themselves, their spouse, nor relatives within the second degree of kinship hold positions as directors, supervisors, or employees of the Company or its related enterprises; they do not hold any shares of the Company; they do not serve as directors, supervisors, or employees of companies with specific relationships to the Company; and they have not received remuneration exceeding 500,000 in the past two years for providing business, legal, financial, accounting, or other services to the Company or its related enterprises. | 2 |
| Independent Director | Chiu,Kuo-Wang | Detailed educational and professional background (3.2.1) Director Information ° There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | All independent directors of the Company comply with the independence regulations specified in Article 3 of the "Regulations Governing the Appointment of Independent Directors of Public Companies and Compliance Matters", including but not limited to the following: neither the director themselves, their spouse, nor relatives within the second degree of kinship hold positions as directors, supervisors, or employees of the Company or its related enterprises; they do not hold any shares of the Company; they do not serve as directors, supervisors, or employees of companies with specific relationships to the Company; and they have not received remuneration exceeding 500,000 in the past two years for providing business, legal, financial, accounting, or other services to the Company or its related enterprises. | — |

| Job title | Name | Professional qualification and experience | Independence | Number of other public companies in which the individual is concurrently serving as an independent director |
|-------------|----------------------|---|--|---|
| Supervisors | Hsieh, Yu-Yun(note2) | Detailed educational and professional background (3.2.1) Director Information ° There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | There is no occurrence of any of the circumstances as stated in Article 26-3 of the Securities and Exchange Act. | — |
| Supervisors | Yu, Chia-Kai(note2) | Detailed educational and professional background (3.2.1) Director Information ° There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act. | There is no occurrence of any of the circumstances as stated in Article 26-3 of the Securities and Exchange Act. | — |

Note1 : Retired on 2024.02.04.

5. Board diversity and independence

(1) Board diversity

Our company respects and advocates for a policy of board diversity to strengthen corporate governance and promote the healthy development of the board's composition and structure. We believe that a diverse policy helps enhance the overall performance of the company. Board members are selected based on their merits, and appropriate diversity policies are formulated based on the company's operations, business model, and development needs, including basic criteria and values, possessing professional knowledge and skills, and generally having the knowledge, skills, and qualities necessary for the execution of duties. In order to achieve the ideal goal of corporate governance, our company assesses the overall capabilities of the board in accordance with Article 20 of the 'Corporate Governance Best Practice Principles for Listed and OTC Companies', as follows :

| Diversity Name | Basic composition | | | | Required abilities | | | | | | | |
|-------------------|-------------------|--------|-------|----------------------------|-----------------------|-------------------------------|----------------------|-----------------|----------------------|---------------------------|------------|-------------------------|
| | Nationality | Gender | Age | An employee of the company | Operational judgement | Accounting & finance analysis | Operation management | Crisis handling | Industrial knowledge | International market view | Leadership | Decision-making ability |
| Shih, Chun-Chin | R.O.C | Male | 61-70 | V | V | V | V | V | V | V | V | V |
| Ku, Chi-Hui | R.O.C | Male | 51-60 | V | V | — | V | V | V | V | V | V |
| Shih, Meng-Chin | R.O.C | Female | 31-40 | V | V | V | V | V | V | V | V | V |
| Shao, Zhong-Ping | R.O.C | Male | 51-60 | — | V | — | V | V | V | V | V | V |
| LIU, Yen-Ti | R.O.C | Male | 51-60 | — | V | V | V | V | V | V | V | V |
| Liu, Teng-Fa | R.O.C | Male | 71-80 | — | V | V | V | V | — | V | V | V |
| Tsai, Jung-Fa | R.O.C | Male | 51-60 | — | V | V | V | V | V | V | V | V |
| Wang, Chi-Chuan | R.O.C | Male | 61-70 | — | V | — | V | V | V | V | V | V |
| Chiu, Kuo-Wang | R.O.C | Male | 61-70 | — | V | — | V | V | — | V | V | V |

Our company values diversity and gender balance within the Board of Directors. The current Board consists of 9 members, including 1 female director, accounting for approximately 11% of the total. To enhance the diversity and decision-making quality of the Board, we will continue striving to increase the number of female directors, with the aim of gradually improving gender representation.

(2) Board independence

Our company's board of directors consists of 9 members, with 4 seats held by independent directors, accounting for 44.44% of the total board composition. The company established an audit committee on February 5, 2024, to replace the role of supervisors. With 9 members on the board, the majority of seats are occupied by individuals who are not spouses or relatives within the second degree of kinship, thus ensuring compliance with Article 26-3, Paragraph 3 and Paragraph 4 of the Securities and Exchange Act.

2.1.2 Information on President, Vice President, Junior VP, and officers of departments and branches

March 31, 2025; Unit: Thousand shares; %

| Job title | Nationality | Name | Gender | Date appointed | Shareholding | | Shareholding of spouse and minor children | | Shareholding in the name of others | | Major Experience (Education) | Concurrent positions in the Company and other companies now | Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company | | | The status of executives obtaining employee stock options certificates | Remarks |
|------------------------------|-------------|------------------|--------|----------------|--------------|-------|---|---|------------------------------------|-------|--|--|--|------------------------------------|--|--|---------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Job title | Name | Relationship | | |
| Chairman & General Manager | R.O.C | Shih, Chun-Chin | Male | 3/28/1989 | 8,577 | 13.00 | — | — | 11,383 | 17.25 | College of Management, National United University EMBA, National Taipei University of Technology | Chairman, YONG GUANG INVESTMENT CO., LTD. Chairman, QLAO ZHONG INVESTMENT CO., LTD. | Vice President Vice President | Shih, Meng-Chin Shih, Meng-Hsin | Father and Daughter Father and Daughter | — | (Note) |
| Vice President | R.O.C | Shih, Meng-Chin | Female | 3/1/2019 | 1,249 | 1.89 | — | — | 590 | 0.89 | Department of Finance and Taxation, Aletheia University EMBA, National Taipei University of Technology | Chairman, YING YI INVESTMENT CO., LTD. | Chairman Vice President | Shih, Chun-Chin Shih, Meng-Hsin | Father and Daughter Sisters | | — |
| Vice President | R.O.C | Shih, Meng-Hsin | Female | 3/1/2019 | 1,277 | 1.93 | — | — | 682 | 1.03 | Master of Arts in Art Museum and Gallery Studies of University of Leicester EMBA, National Taipei University of Technology | Chairman, YING ZHU INVESTMENT CO., LTD. | Chairman Vice President | Shih, Chun-Chin Shih, Meng-Chin | Father and Daughter Sisters | | — |
| CFO & CAO | R.O.C | Lai, Tsung-Yen | Male | 2/17/2020 | 340 | 0.52 | — | — | — | — | Master of Accounting, National Taipei University Director, KPMG Deputy Manager of Underwriting Department, Grand Fortune Securities Co., Ltd | — | — | — | — | | — |
| Corporate Governance Officer | R.O.C | Chen, Chiao-Ting | Female | 4/8/2024 | 10 | 0.02 | — | — | — | — | Takming University-Department of Public Finance and Taxation Kingly Precision Industrial Co., Ltd.-Accounting Specialist | — | — | — | — | — | — |
| Head of Internal Audit | R.O.C | Wei, Shu-Fen | Female | 8/28/2023 | 120 | 0.18 | — | — | — | — | National Taipei University of Business-Department of Finance King Shing Industrial Co., Ltd.-Accounting Section Manager | — | — | — | — | — | — |
| Sales Manager | R.O.C | Lin, Chia-Chi | Female | 1/4/2016 | 251 | 0.38 | — | — | — | — | New York University-M.S. in Organizational Behavior, Systems, and Analytics | — | — | — | — | — | — |

| Job title | Nationality | Name | Gender | Date appointed | Shareholding | | Shareholding of spouse and minor children | | Shareholding in the name of others | | Major Experience (Education) | Concurrent positions in the Company and other companies now | Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company | | | The status of executives obtaining employee stock options certificates | Remarks |
|-------------|-------------|-----------------|--------|----------------|--------------|------|---|---|------------------------------------|---|--|---|--|------|--------------|--|---------|
| | | | | | Shares | % | Shares | % | Shares | % | | | Job title | Name | Relationship | | |
| | | | | | | | | | | | Fu Jen Catholic University-Department of Business Administration King Shing Industrial Co., Ltd.-Assistant Sales Manager | | | | | | |
| R&D Manager | R.O.C | Chou,Chin-Sheng | Male | 4/1/2004 | 255 | 0.38 | — | — | — | — | National Taipei University of Business-Department of Applied Business King Shing Industrial Co., Ltd.-R&D Section Manager | — | — | — | — | | — |

Note : The reasons, rationale, necessity, and measures taken for the company's chairman concurrently serving as the president are explained as follows :

The chairman of our company concurrently serves as the president to enhance operational efficiency and decision-making agility, effectively linking board members to participate in company decisions at any time and fostering consensus to facilitate the implementation of board resolutions.

2.2 Remuneration paid to directors, supervisors, President, and Vice President in the most recent year

2.2.1 Remuneration for Directors

December 31, 2024 ; Unit : NT\$ thousand

| Job title | Name | Directors' remuneration | | | | | | | | A, B, C, and D as a % of the net income(%) | Remuneration for a concurrent position as an employee | | | | | | A, B, C, D, E, F and G as a % of the net income(%) | Remuneration from invested enterprises other than subsidiaries or from the parent company |
|-----------|------|-------------------------|--|---------------------------------|--|--------------------------------------|--|----------------------------------|--|--|---|--|---------------------------------|--|------------------------------------|--|--|---|
| | | Baseremuneration (A) | | Severance and pension (B) | | Remuneration for directors (C) | | Business practice fees (D) | | | Salary, bonus, & allowance (E) | | Severance and pension (F) | | Remuneration for employe (G) | | | |
| | | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | | |

| | | | | | | | | | | | | | | | | Cash amount | Stock amount | Cash amount | Stock amount | | | |
|---|------------------|-------|-------|---|---|---|---|---|---|------|------|-------|-------|-----|-----|-------------|--------------|-------------|--------------|-----------------|-----------------|---|
| Chairman | Shih, Chun-Chin | 5,100 | 5,100 | — | — | — | — | — | — | 3.07 | 3.07 | 6,811 | 8,019 | 174 | 174 | 204 | — | 204 | — | 12,289 7.40% | 13,497 8.13% | — |
| Director | Ku, Chi-Hui | | | | | | | | | | | | | | | | | | | | | |
| Director | Shih, Meng-Chin | | | | | | | | | | | | | | | | | | | | | |
| Director | Shao, Zhong-Ping | | | | | | | | | | | | | | | | | | | | | |
| Director | LIU, Yen-Ti | | | | | | | | | | | | | | | | | | | | | |
| Director | Liu, Teng-Fa | | | | | | | | | | | | | | | | | | | | | |
| Director | Tsai, Jung-Fa | | | | | | | | | | | | | | | | | | | | | |
| Director | Wang, Chi-Chuan | | | | | | | | | | | | | | | | | | | | | |
| Director | Chiu, Kuo-Wang | | | | | | | | | | | | | | | | | | | | | |
| <p>Note 1 : Please describe the policy, system, standard, and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent, and other factors: : The director's remuneration includes a fixed monthly salary and director's fees as specified in the company's articles of incorporation. It is determined based on the current operational status and scale of the company, while also considering industry standards. The remuneration is implemented in accordance with the company's director and functional committee member remuneration policy.</p> <p>Note 2 : In addition to the disclosed amounts in the above table, the directors of the Company provided services to all companies included in the financial statements during the most recent fiscal year (such as serving as consultants to the parent company/all companies included in the financial statements/invested enterprises who are not employees), receiving a total remuneration of 494 thousand yuan.</p> | | | | | | | | | | | | | | | | | | | | | | |

Remuneration ranges

| The ranges of remuneration paid to each director of the company | Director Name | | | |
|---|--|--|--|--|
| | Total Remuneration for the First Four Items (A+B+C+D) | | Total Remuneration for the First Seven Items (A+B+C+D+E+F+G) | |
| | The Company | All companies in the financial statements H | The Company | All companies in the financial statements I |
| Below NT\$1,000,000 | Ku, Chi-Hui、Shih, Meng-Chin、Shao, Zhong-Ping、LIU, Yen-Ti、Liu, Teng-Fa、Tsai, Jung-Fa、Wang, Chi-Chuan、Chiu, Kuo-Wang | Ku, Chi-Hui、Shih, Meng-Chin、Shao, Zhong-Ping、LIU, Yen-Ti、Liu, Teng-Fa、Tsai, Jung-Fa、Wang, Chi-Chuan、Chiu, Kuo-Wang | Shao, Zhong-Ping、LIU, Yen-Ti、Liu, Teng-Fa、Tsai, Jung-Fa、Wang, Chi-Chuan、Chiu, Kuo-Wang | Shao, Zhong-Ping、LIU, Yen-Ti、Liu, Teng-Fa、Tsai, Jung-Fa、Wang, Chi-Chuan、Chiu, Kuo-Wang |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive) | Shih, Chun-Chin | Shih, Chun-Chin | Ku, Chi-Hui | Ku, Chi-Hui |

| The ranges of remuneration paid to each director of the company | Director Name | | | |
|---|---|---|--|---|
| | Total Remuneration for the First Four Items (A+B+C+D) | | Total Remuneration for the First Seven Items (A+B+C+D+E+F+G) | |
| | The Company | All companies in the financial statements H | The Company | All companies in the financial statements I |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive) | — | — | Shih,Meng-Chin | Shih,Meng-Chin |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive) | — | — | Shih,Chun-Chin | — |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive) | — | — | — | Shih,Chun-Chin |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | — | — | — | — |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | — | — | — | — |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive) | — | — | — | — |
| NT\$50,000,000 (inclusive) ~ US\$100,000,000 (exclusive) | — | — | — | — |
| Over NT\$100,000,000 (inclusive) | — | — | — | — |
| Total | 9 persons | 9 persons | 9 persons | 9 persons |

2.2.2 Remuneration for Supervisors

December 31, 2024 ; Unit : NT\$ thousand

| Job title | Name | Supervisor remuneration | | | | | | A, B, and C as a % of the net income(%) | | Remuneration from invested enterprises other than subsidiaries or from the parent company |
|------------|-----------------------|-------------------------|---|------------------|---|----------------------------|---|---|--|---|
| | | Baseremuneration (A) | | Remuneration (B) | | Business practice fees (C) | | | | |
| | | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements(%) | |
| Supervisor | Hsieh,Yu-Yun (Note 1) | — | — | — | — | — | — | — | — | |
| Supervisor | Yu,Chia-Kai (Note 2) | | | | | | | | | |

Note 1 : Supervisor Hsieh,Yu-Yun resigned on February 5, 2024.

Note 2 : Supervisor Yu,Chia-Kai resigned on February 5, 2024.

Remuneration ranges

| The range of remuneration paid to each supervisor of the company | Supervisor Name | |
|--|--|---|
| | Total Remuneration for the First Three Items (A+B+C) | |
| | The Company | All companies in the financial statements |
| Below NT\$1,000,000 | Hsieh,Yu-Yun 、 Yu,Chia-Kai | Hsieh,Yu-Yun 、 Yu,Chia-Kai |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive) | — | — |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive) | — | — |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive) | — | — |

Remuneration ranges

| The range of remuneration paid to each supervisor of the company | Supervisor Name | |
|--|--|---|
| | Total Remuneration for the First Three Items (A+B+C) | |
| | The Company | All companies in the financial statements |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive) | — | — |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | — | — |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | — | — |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive) | — | — |
| NT\$50,000,000 (inclusive) ~ US\$100,000,000 (exclusive) | — | — |
| Over NT\$100,000,000 (inclusive) | — | — |
| Total | 2 persons | 2 persons |

2.2.3 Remuneration paid to the President and Vice President

December 31, 2024 ; Unit : NT\$ thousand

| Job title | Name | Salary(A) (Note 1) | | Severance and pension (B) | | Bonus and allowance (C) | | Remuneration for employees (D) | | | | A, B, C and D as a % of the net income (%) | | Remuneration from invested enterprises other than subsidiaries or from the parent company (E) |
|----------------|----------------|------------------------|---|---------------------------|---|-------------------------|---|--------------------------------|-----------------|---|-----------------|---|---|--|
| | | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | All companies in the financial statements | The Company | | All companies in the financial statements | | The Company | All companies in the financial statements | |
| | | | | | | | | Cash amount | Stock amount | Cash amount | Stock amount | | | |
| President | Shih,Chun-Chin | 4,013 | 7,752 | 141 | 141 | 1,918 | 2,179 | 291 | — | 291 | — | 6,363 3.83% | 10,363 6.24% | — |
| Vice President | Shih,Meng-Chin | | | | | | | | | | | | | |
| Vice President | Shih,Meng-Hsin | | | | | | | | | | | | | |

Note 1 : The salaries and position allowances of the President or Vice President.

Remuneration ranges

| Remuneration ranges paid to each President and Vice President of the company | Name of President and Vice President | |
|--|--------------------------------------|---|
| | The Company | All companies in the financial statements |
| Below NT\$1,000,000 | Shih,Meng-Hsin – | — |
| NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive) | — | — |
| NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive) | Shih,Meng-Chin | Shih,Meng-Hsin 、Shih,Meng-Chin |
| NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive) | Shih,Chun-Chin | — |
| NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive) | — | Shih,Chun-Chin |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | — | — |
| NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive) | — | — |
| NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive) | — | — |
| NT\$50,000,000 (inclusive) ~ US\$100,000,000 (exclusive) | — | — |
| Over NT\$100,000,000 (inclusive) | — | — |
| Total | 3 persons | 3 persons |

2.2.4 The name of the managerial officers who receive employee remuneration and the respective amount.

December 31, 2024 ; Unit : NT\$ thousand

| Job title | | Name | Stock amount | Cash amount | Total | Ratio of Total amount to net income (%) |
|---------------------|----------------|-----------------|--------------|-------------|-------|---|
| Managerial Officers | President | Shih, Chun-Chin | — | 375 | 375 | 0.23 |
| | Vice President | Shih, Meng-Chin | | | | |
| | Vice President | Shih, Meng-Hsin | | | | |
| | CFO&CAO | Lai, Tsung-Yen | | | | |

2.2.5 The comparison and analysis of the total remuneration of directors, supervisors, President, and Vice President of the company and all companies included in the consolidated financial statements in the past two years as a percentage of the individual or separate financial report's post-tax net income, along with an explanation of the policy, standards, and composition of remuneration, the procedure for setting remuneration, and the correlation with operational performance and future risks.

1. The analysis of the total remuneration of directors, supervisors, President, and Vice President of this company and all companies included in the consolidated financial statements as a percentage of the post-tax net income of the individual or separate financial reports.

Unit : %

| Item \ Annual | | 2023 | | 2024 | |
|----------------------------|--|---|---|---|---|
| | | Percentage of total remuneration to post-tax net income | | Percentage of total remuneration to post-tax net income | |
| | | The Company | All companies included in the consolidated financial statements | The Company | All companies included in the consolidated financial statements |
| Directors | | 6.30 | 8.16 | 7.40 | 8.13 |
| Supervisor | | — | — | — | — |
| President & Vice President | | 5.23 | 7.23 | 3.83 | 6.24 |

2. The policy, standards, and composition of remuneration, the procedure for setting remuneration, and the correlation with operational performance and future risks.

(1) Directors 、Supervisor

The company's policy on remuneration for directors and supervisors is clearly stipulated in the company's articles of association. After the remuneration distribution plan is approved by the board of directors, it is reported to the shareholders' meeting for approval. The payment of remuneration to directors and

supervisors is based on their level of involvement in the company's operations and their contribution value.

(2) President & Vice President

The remuneration for the President and Vice President of the company includes base salary, retirement benefits, allowances, bonuses, and employee compensation. It is determined based on factors such as the scope of responsibilities, achievement of company operational goals, individual performance, and qualifications and experience, while also considering salary levels for similar positions in the market.

In summary, the amount of remuneration paid by the company is based on the individual's actual operational performance and value contribution recognized by the board of directors, and is benchmarked against industry standards. This already includes consideration of adjustment mechanisms for potential operational risks in the future, aiming to achieve a balance between motivation and risk management.

2.3 Corporate Governance Operations Situation

2.3.1 Information on the Operation of the Board of Directors

The board of directors held 10 meetings in the most recent year to the date of publication. The attendance of directors and supervisors is as follows:

| Title | Name | Actual Attendance (Sessions) | Number of Proxy Attendances | Actual Attendance Rate (%) | Notes |
|-------------|---|------------------------------|-----------------------------|----------------------------|--|
| Chairman | Shih,Chun-Chin | 10 | 0 | 100 | Date of re-election/re-election: 2024.02.05 Should attend 10 times |
| Director | Ku,Chi-Hui | 1 | 0 | 100 | 2024.02.05 Resigned from office Should attend 1 times |
| Director | Shao,Zhong-Ping | 1 | 0 | 100 | 2024.02.05 Resigned from office Should attend 1 times |
| Director | Shih,Meng-Chin | 0 | 1 | 0 | 2024.02.05 Resigned from office Should attend 1 times |
| Director | LIU,Yen-Ti | 1 | 0 | 100 | 2024.02.05 Resigned from office Should attend 1 times |
| Director | QLAO ZHONG INVESTMENT CO., LTD. Legal Representative : SHIH, MENG- CHIN | 9 | 0 | 100 | Taking office on 2024.02.05 Should attend 9 times |
| Director | CHU YUN CO., LTD. Legal Representative : KU, CHI-HUI | 9 | 0 | 100 | Taking office on 2024.02.05 Should attend 9 times |
| Director | SHENG JI CHANG INTERNATIONAL CO., LTD. Legal Representative : SHAO, ZHONG-PING | 9 | 0 | 100 | Taking office on 2024.02.05 Should attend 9 times |
| Director | JIN JIE INVESTMENT CO., LTD. Legal Representative : LIU, YEN-TI | 7 | 0 | 89 | Taking office on 2024.02.05 Should attend 9 times |
| Independent | Tsai,Jung-Fa | 9 | 0 | 100 | Taking office on |

| | | | | | |
|----------------------|----------------|---|---|-----|---|
| Director | | | | | 2024.02.05 Should attend 9 times |
| Independent Director | Chiu,Kuo-Wang | 9 | 0 | 100 | Taking office on 2024.02.05 Should attend 9 times |
| Independent Director | Liu,Teng-Fa | 8 | 1 | 89 | Taking office on 2024.02.05 Should attend 9 times |
| Independent Director | Wang,Chi-Chuan | 9 | 0 | 100 | Taking office on 2024.02.05 Should attend 9 times |

Other Matters to be Recorded:

1. If the operation of the Board of Directors includes any of the following situations, the date, session, agenda content, all independent directors' opinions, and the company's handling of these opinions should be stated:
 - (1) Matters listed under Article 14-3 of the Securities and Exchange Act: Not applicable. The company has established an Audit Committee and complies with Article 14-5 of the Securities and Exchange Act.
 - (2) Other resolutions, apart from the aforementioned, that were opposed or reserved by independent directors with records or written statements: None.
2. Execution of conflict-of-interest recusals by directors: Please disclose the director's name, proposal content, reason for recusal, and participation in voting: None
3. TWSE/TPEX-listed companies shall disclose information regarding the evaluation cycle and period, evaluation scope, methods, and contents of the board's self-evaluation (or peer evaluation), and fill out Attachment Table 2(2) - Implementation Status of Board Performance Evaluation: Not applicable.
4. Objectives and evaluation of performance for enhancing the board's functions in the current and most recent fiscal year (e.g., establishment of the Audit Committee, enhancement of information transparency):
 - (1) The operation of the Board of Directors is conducted in accordance with the "Rules of Procedure for Board Meetings." Implementation has been smooth. The heads of finance and audit departments regularly report to the Board on financial and audit matters, effectively enhancing directors' understanding of company operations.
 - (2) In February 2024, the company completed a full re-election of directors and appointed independent directors. An Audit Committee was established to review relevant proposals within its authority and submit them to the Board for resolution, thereby strengthening supervisory functions and enhancing management capabilities. Board members continue to participate in training programs on corporate governance topics to stay informed and encourage knowledge exchange, further enhancing board effectiveness. To support directors in ongoing professional development, the company regularly arranges governance-related courses and provides information on programs offered by external training institutions for their reference.

2.3.2 Participation of Supervisors in Board Operations:

1. Supervisors' participation in board operations

In the most recent year ending on the printing date of the annual report, and before the establishment of the audit committee on February 5, 2023, the board of directors held 7 meetings, and the supervisors' attendance was as follows:

| Title | Name | Actual Attendance (Sessions) | Number of Proxy Attendances | Actual Attendance Rate (%) | Notes |
|-------------|---------------|------------------------------|-----------------------------|----------------------------|---|
| Supervisors | Hsieh, Yu-Yun | 1 | — | 100 | Date of re-election/re-election: Re-election on 2022.07.29, 2024.02.04 Resigned from office |
| Supervisors | Yu, Chia-Kai | 1 | — | 100 | Taking office on 2023.08.11 and resigned on 2024.02.04; Should attend 3 times |

Other matters that should be recorded:

1. Composition and responsibilities of the supervisor:

- (1) The communication situation between the supervisor and the company's employees and shareholders (such as communication channels, methods, etc.):

Supervisors attend the board of directors, shareholders' meetings and other important company meetings to maintain smooth communication channels with employees and shareholders.

- (2) The communication situation between the supervisor and the internal audit supervisor and accountant (such as the matters, methods and results of communication on the company's financial and business conditions, etc.):

The audit supervisor will regularly submit audit reports to the supervisor upon completion of the audit project, and the supervisor will communicate with the accountant on the financial status when necessary.

2. If the supervisor attends the board of directors and expresses opinions, he should state the date, period, content of the resolution, the results of the board of directors' resolutions, and the company's handling of the supervisor's opinions: None.

2. Audit committee operations

The Company established the Audit Committee on February 5, 2024. The Audit Committee held seven meetings in the most recent year as of the publication date of the annual report. The attendance of independent directors is as follows:

| Title | Name | Actual Attendance (Sessions) | Number of Proxy Attendances | Actual Attendance Rate (%) (Note) | Notes |
|----------------------|----------------|------------------------------|-----------------------------|-----------------------------------|-----------------------------|
| independent director | Tsai, Jung-Fa | 7 | — | 100 | Taking office on 2024.02.05 |
| independent director | Chiu, Kuo-Wang | 7 | — | 100 | Taking office on 2024.02.05 |

| | | | | | |
|----------------------|----------------|---|---|-----|-----------------------------|
| independent director | Liu,Teng-Fa | 7 | — | 100 | Taking office on 2024.02.05 |
| independent director | Wang,Chi-Chuan | 7 | — | 100 | Taking office on 2024.02.05 |

Note : The company established an audit committee on February 5, 2024, and held its first audit committee on February 19, 2024.

Other matters that should be recorded:

1. If the operation of the audit committee falls under any of the following circumstances, the date and period of the audit committee meeting, the content of the proposals, the objections, reservations or major recommendations of the independent directors, the results of the resolutions of the audit committee, and the company's response to the audit committee should be stated. Handling of comments:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act: The company established an audit committee on February 5, 2024. As of the publication date of the annual report, all resolutions were approved by the entire board of directors after being approved by all members of the audit committee present. The directors present agreed to pass the motion, and the content of the motion is as follows:

| Farewell | Audit committee meeting date | Motion content | Resolution result | The Company's Handling of the Audit Committee's Opinions |
|---------------------------------|------------------------------|---|---|--|
| The first time | 2024/02/19 | 1. The company applies for stock listing. 2. Handle cash capital increase and issue new shares as a source of shares for public underwriting before listing, and all original shareholders give up subscription. | Adopted by all members of the committee | All directors present and approved |
| first session second session | 2024/04/08 | 1. 2023 Annual Business Report and Financial Statement Case. 2. 2023 Annual Profit Distribution Case. 3. Capital reserve allotment case. 4. Revise some articles of the "Articles of Association". 5. The company's 2023 "Effectiveness Assessment of Internal Control System" and "Declaration of Internal Control System" case. 6. Appointment of visa accountant and assessment of independence and competency. 7. Formulate the company's "Internal Control Related Measures". 8. The company evaluates the case of self-preparation of financial reports. | Adopted by all members of the committee | All directors present and approved |
| first session third session | 2024/08/08 | 1. The Company's Consolidated Financial Statements for the Second Quarter of 2024. 2. The Company's Financial Forecast for the Third and Fourth Quarters of 2024. 3. Issuance of the Statement on Internal Control System for the Period from July 1, 2023 to June 30, 2024 and the Engagement of PwC Taiwan to Conduct a Special Audit. 4. Self-assessment of Corporate Governance Practices and Completion of the Corporate Governance Evaluation Questionnaire. 5. Over-allotment Plan by the Lead Underwriter During the Underwriting Period. | Adopted by all members of the committee | All directors present and approved |

| | | | | |
|----------------------------------|------------|--|---|------------------------------------|
| | | 6. Statement on the Company's Capability to Prepare Financial Reports In-house. 7. Proposal for Pre-approval of Non-assurance Services Provided to the Company and its Subsidiaries by the Certifying CPA, His/Her Firm, and Affiliates. 8. Renewal of Credit Line Facility with CTBC Bank. 9. Proposal to Cancel the Board Resolution Passed on January 27, 2021, Regarding the Subordination of Shareholder Claims. | | |
| first session fourth session | 2024/11/14 | 1. The Company's Consolidated Financial Statements for the Third Quarter of 2024. | Adopted by all members of the committee | All directors present and approved |
| first session fifth session | 2024/11/28 | 1. The Company's Proposed Cash Capital Increase through Issuance of New Shares for Public Offering in Preparation for Initial Listing. | Adopted by all members of the committee | All directors present and approved |
| first session sixth session | 2024/12/26 | 1. The Company's Budget Plan for 2025. 2. The Company's Audit Plan for 2025. 3. Proposal to Establish the "Sustainability Committee Charter." 4. Proposal to Establish the Company's "Sustainability Information Management Procedures." 5. Amendments to the Company's "Corporate Governance Best Practice Principles." 6. Amendments to the Company's "Audit Committee Charter." 7. Amendments to the Company's "Board Meeting Rules." 8. Amendments to Certain Provisions of the "Internal Control System." 9. Amendments to the Company's "Approval Authority Management Guidelines." 10. Renewal of Credit Line Facility with Chang Hwa Commercial Bank. | Adopted by all members of the committee | All directors present and approved |
| first session seventh session | 2025/03/12 | 1. The 2024 Business Report and Financial Statements. 2. The 2024 Earnings Distribution Proposal. 3. Amendments to Certain Provisions of the Articles of Incorporation. 4. Amendments to Certain Provisions of the "Procedures for Acquisition or Disposal of Assets." 5. Amendments to Certain Provisions of the "Standard Operating Procedures for Handling Requests from Directors." 6. Assessment of the Effectiveness of the Internal Control System and the Internal Control System Statement for 2024. 7. Appointment of the Certifying CPA and Evaluation of Independence and Competence. 8. Proposal Not to Remit Subsidiary Earnings of King Shing Automobile Parts Co., Ltd. Group Back to the Parent Company in Taiwan. 9. Proposal to Release the Corporate | Adopted by all members of the committee | All directors present and approved |

- (2) The accountant will report to the independent directors on the review of the company's financial status and internal control implementation, and explain the accounting treatment principles, content that has a significant impact on profits and losses, and recent legal amendments.

| Date | Communication situation | Communicate results |
|---------------------------------------|---|--|
| 2024/4/8 Communication symposium | Individual financial statements and consolidated financial statements for 2023. | Accountants communicate individually in front of the Audit Committee on "communication matters with governance units during the audit completion stage", including key audit matters, materiality, related party transactions, significant accounting estimates, review of group financial reports and summary explanations of important financial information, etc., and respond independently Questions from directors regarding financial statements. After communication, the financial statements will be submitted to the board of directors after review and approval by the audit committee, and will be announced and reported to the competent authority as scheduled. |
| 2024/8/8 Communication symposium | Consolidated Financial Statements for the Second Quarter of 2024 | Accountants communicate individually in front of the Audit Committee on "communication matters with governance units during the audit completion stage", including key audit matters, materiality, related party transactions, significant accounting estimates, review of group financial reports and summary explanations of important financial information, etc., and respond independently Questions from directors regarding financial statements. After communication, the financial statements will be submitted to the board of directors after review and approval by the audit committee, and will be announced and reported to the competent authority as scheduled. |
| 2024/11/14 Communication symposium | Consolidated Financial Statements for the Third Quarter of 2024 | Accountants communicate individually in front of the Audit Committee on "communication matters with governance units during the audit completion stage", including key audit matters, materiality, related party transactions, significant accounting estimates, review of group financial reports and summary explanations of important financial information, etc., and respond independently Questions from directors regarding financial statements. After communication, the financial statements will be submitted to the board of directors |

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|--|---|---|--|
| | | | after review and approval by the audit committee, and will be announced and reported to the competent authority as scheduled. |
| | 2025/3/12 Communication symposium | Individual financial statements and consolidated financial statements for 2024. | Accountants communicate individually in front of the Audit Committee on "Communication with Governance Units After Audit for the Year 2024", including key audit matters, materiality, related party transactions, significant accounting estimates, review of group financial reports and summary explanations of important financial information, etc., and respond independently Questions from directors regarding financial statements. After communication, the financial statements will be submitted to the board of directors after review and approval by the audit committee, and will be announced and reported to the competent authority as scheduled. |

2.3.3 Corporate Governance Operations and Differences from the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for Such Differences:

| Evaluation Items | Operational Status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for Such Differences |
|---|--------------------|----|--|--|
| | Yes | No | Summary Explanation | |
| 1. Has the company established and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies? | V | | The company's Board of Directors approved the 'Corporate Governance Best Practice Principles' on April 8, 2024, to promote corporate governance operations. These principles have been disclosed on the company's website. | No significant differences |
| 2. Shareholding Structure and Shareholders' Rights (1) Has the company established internal procedures to handle shareholders' suggestions, inquiries, disputes, and litigation matters, and are these procedures being implemented? | V | | The company has established internal control procedures through the 'Stock Affairs Operation Management Guidelines' and has a spokesperson system in place. Dedicated personnel handle shareholders' suggestions, inquiries, and disputes. Additionally, a professional stock affairs agency is commissioned to assist in providing recommendations. | No significant differences |
| (2) Does the company maintain a list of the major shareholders who actually control the company and the ultimate controllers of these major shareholders? | V | | The company reports the shareholding changes of major shareholders to the stock exchange on a monthly basis in accordance with Article 25 of the Securities and Exchange Act. Additionally, during each book closure period, the company verifies the shareholder register against the reported information to monitor the shareholding status of major shareholders at all times. | No significant differences |
| (3) Has the company established and implemented risk control and firewall mechanisms with affiliated enterprises? | V | | The company and its affiliated enterprises operate independently. The company's internal control system includes the supervision and management of its subsidiaries. | No significant differences |

| Evaluation Items | Operational Status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for Such Differences |
|--|--------------------|----|---|--|
| | Yes | No | Summary Explanation | |
| (4) Has the company established internal regulations prohibiting insiders from trading securities using undisclosed market information? | V | | To prevent the company or insiders from inadvertently or intentionally violating insider trading regulations due to unfamiliarity with the laws, which could result in litigation and damage the company's or insiders' reputation, the company has established 'Procedures for Preventing Insider Trading.' These procedures are designed to prevent insider trading, protect investors, and safeguard the company's interests. | No significant differences |
| 3. Composition and Responsibilities of the Board of Directors (1) Has the board of directors formulated a diversity policy, set specific management objectives, and ensured their implementation? | V | | The company's 'Corporate Governance Best Practice Principles' clearly stipulate the principles and guidelines for the composition of the board of directors, emphasizing the importance of diversity. It outlines the basic qualifications, professional knowledge, and skills that board members should possess to achieve the ideal objectives of corporate governance. For details on the main educational and professional backgrounds of the company's directors, please refer to the company's annual report. | No significant differences |
| (2) Besides the legally required Compensation Committee and Audit Committee, has the company voluntarily established any other functional committees? | V | | In addition to the established Compensation Committee and Audit Committee, the company will evaluate the need to establish other functional committees in the future to assist the board of directors in management and operations. | No significant differences |

| Evaluation Items | Operational Status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for Such Differences |
|--|--------------------|----|--|--|
| | Yes | No | Summary Explanation | |
| (3) Has the company established a method for evaluating the performance of the board of directors, conducted regular annual performance evaluations, reported the results to the board of directors, and used the results as a reference for individual directors' compensation and re-nomination? | V | | <p>The company established the 'Board Performance Evaluation Guidelines' at the board meeting on January 9, 2024, and disclosed them on the company's website. Annual self-assessments or peer evaluations of the board and individual directors are conducted. The company should consider its situation and needs when determining the evaluation criteria for board performance, which should include at least the following five aspects:</p> <ol style="list-style-type: none"> 1. Participation in the company's operations. 2. Enhancement of board decision-making quality. 3. Composition and structure of the board. 4. Selection and continuous education of directors. 5. Internal control. <p>The performance evaluation criteria for board members should include at least the following six aspects:</p> <ol style="list-style-type: none"> 1. Grasp of company goals and missions. 2. Awareness of directors' responsibilities. 3. Participation in the company's operations. 4. Internal relationship management and communication. 5. Professionalism and continuous education of directors. 6. Internal control. <p>The performance evaluation indicators of the board should be established according to the company's operations and needs, ensuring they are suitable for performance evaluation. The scoring standards should be revised and adjusted based on the company's requirements and can be weighted by the various evaluation aspects.</p> | No significant differences |
| (4) Does the company regularly assess the independence of the certifying accountants? | V | | <p>The company's certifying accountants avoid any engagements where they have a direct or indirect conflict of interest, fully adhering to principles of impartiality, rigor, and integrity. The independence and competence of the certifying accountants are assessed annually by the company. This evaluation includes reviewing the number of consecutive years of audit services provided, the quality of audit services, and the cases investigated. It is confirmed that the certifying accountants do not hold any shares in the company and do not hold any positions within the company.</p> | No significant differences |

| Evaluation Items | Operational Status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for Such Differences |
|--|--------------------|----|---|--|
| | Yes | No | Summary Explanation | |
| 4. Has the company appointed a sufficient number of qualified corporate governance personnel and designated a corporate governance officer responsible for related matters (including but not limited to providing directors and supervisors with the necessary information for business execution, assisting directors and supervisors in complying with laws, handling matters related to board and shareholder meetings in accordance with the law, and preparing minutes of board and shareholder meetings)? | V | | <p>On April 8, 2024, the company's board of directors approved the appointment of Ms. Chen,Chiao-Ting as the Corporate Governance Officer. Her scope of duties includes the following:</p> <ol style="list-style-type: none"> 1. Handling matters related to board and shareholder meetings in accordance with the law. 2. Preparing minutes of board and shareholder meetings. 3. Assisting directors with onboarding and continuous education. 4. Providing directors with the necessary information for business execution. 5. Assisting directors in complying with laws. 6. For details on the training of the Corporate Governance Officer in accordance with the 'Regulations Governing the Establishment and Exercise of Powers of the Board of Directors of Public Companies,' please refer to page 36 of the annual report. | No significant differences |
| 5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), and set up a stakeholder section on the company website to appropriately respond to significant corporate social responsibility issues of concern to stakeholders? | V | | The company has appointed a spokesperson as a communication channel with stakeholders and discloses information on the Market Observation Post System as required. This information is also published on the company website for investor reference, and the company acts on behalf of its affiliated enterprises as well. | No significant differences |
| 6. Has the company appointed a professional stock affairs agency to handle shareholder meeting matters? | V | | The company has appointed the Shareholder Services Department of Fubon Securities Co., Ltd. to handle shareholder meeting matters. | No significant differences |

| Evaluation Items | Operational Status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for Such Differences |
|---|--------------------|----|---|--|
| | Yes | No | Summary Explanation | |
| 7. Information Disclosure (1) Has the company established a website to disclose financial, business, and corporate governance information? | V | | The company has established an investor relations website, disclosing financial, business, and corporate governance information as required. The website URL is https://www.kingshing.com/ . Information about affiliated enterprises can be obtained from the consolidated financial reports. | No significant differences |
| (2) Does the company adopt other information disclosure methods (such as setting up an English website, designating personnel to collect and disclose company information, implementing a spokesperson system, and posting the process of investor conferences on the company website)? | V | | The company has designated personnel responsible for the collection and disclosure of information, and it also performs these tasks on behalf of its affiliated enterprises. | No significant differences |
| (3) Does the company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file the first, second, and third quarter financial reports and monthly operating results before the deadline? | | V | Our company currently complies with regulations by publicly announcing and filing the annual financial report before the end of March each year. In addition, the financial reports for the first to third quarters and the monthly operating results are all announced and filed on time in accordance with the relevant deadlines. | No significant differences |

| Evaluation Items | Operational Status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for Such Differences |
|---|--------------------|----|--|--|
| | Yes | No | Summary Explanation | |
| 8. Does the company have any other important information that helps to understand its corporate governance operations (including but not limited to employee rights, employee care, investor relations, supplier relationships, stakeholders' rights, training of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's provision of liability insurance for directors and supervisors)? | V | | <p>1. Employee and Customer Relations, and Corporate Social Responsibility</p> <p>The Company fulfills its social responsibilities to employees and clients and has implemented the following measures to protect employee rights and promote employee well-being:</p> <p>(1) The Company has established an Employee Welfare Committee to handle various employee welfare matters.</p> <p>(2) In addition to labor insurance and National Health Insurance, the Company provides group accident insurance for all employees, with premiums fully paid by the Company.</p> <p>(3) The Company offers pre-employment health checkups for new hires and annual health checkups for current employees. All employees are enrolled in labor and health insurance, and all welfare policies are in accordance with relevant regulations.</p> <p>(4) Retirement contributions are made in accordance with the law.</p> <p>(5) On-the-job training is provided to employees.</p> <p>(6) An employee grievance mechanism is available.</p> <p>(7) The Company complies with the Act of Gender Equality in Employment.</p> <p>(8) The Company complies with the Sexual Harassment Prevention Act.</p> <p>2. Investor Relations, Supplier Relations, and Stakeholder Rights</p> <p>The Company has a dedicated unit responsible for addressing suggestions and inquiries from investors. The Company maintains sound financial and business relationships with suppliers and stakeholders, upholding principles of equality and mutual benefit to maximize shared value.</p> <p>3. Training for Directors and Supervisors</p> <p>Please refer to the section on “Director Participation in Corporate Governance Training” in this prospectus for details on director and supervisor training.</p> <p>4. Internal Control and Insider Trading Prevention</p> <p>The Company has established procedures for its "Internal Control System" and "Insider Trading Prevention Measures" to serve as the basis for handling and disclosing material information. These policies are reviewed periodically to ensure compliance with current laws and operational needs.</p> <p>5. Customer Communication</p> <p>The Company maintains effective communication channels with customers, and implementation is carried out smoothly.</p> <p>6. Directors’ Liability Insurance</p> <p>The Company has purchased directors’ liability insurance for fiscal year 2024.</p> | No significant differences |

| Evaluation Items | Operational Status | | | Differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons for Such Differences |
|--|--------------------|----|---------------------|--|
| | Yes | No | Summary Explanation | |
| 9. Please explain the improvements made based on the most recent corporate governance evaluation results published by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and prioritize the areas that need further improvement along with the measures to be taken. (If the company is not included in the evaluation, this section does not need to be filled out.) | | | | |

Corporate Governance Officer Training Status in 2024

| Name | Date | Organizer | Training Hours | Training Hours |
|------------------|------------|---|--|----------------|
| Chen, Chiao-Ting | 2024/04/23 | Securities and Futures Institute, SFI | Corporate Governance and Board Operations | 3 |
| Chen, Chiao-Ting | 2024/04/23 | Securities and Futures Institute, SFI | Skills for Directors and Supervisors in Interpreting Financial Information | 3 |
| Chen, Chiao-Ting | 2024/04/24 | Securities and Futures Institute, SFI | How Directors and Supervisors of Listed Companies Fulfill Their Duties | 3 |
| Chen, Chiao-Ting | 2024/04/24 | Securities and Futures Institute, SFI | Legal Issues Supervisors of Public Companies Should Be Aware Of | 3 |
| Chen, Chiao-Ting | 2024/06/03 | The Institute of Internal Auditors-Chinese Taiwan | The Latest Developments in Corporate Governance from the Perspective of Governance Evaluation Indicators | 6 |

Director Training Status in 2024

| Name | Date | Organizer | Training Hours | Training Hours |
|-----------------|------------|--|--|----------------|
| Shih, Chun-Chin | 2024/02/05 | Taiwan Corporate Governance Association , TCGA | Corporate Governance and Securities Regulations | 3 |
| | 2024/09/19 | Chinese Association for Financial and Economic Development | Perspectives on Corporate Financial Decision-Making Behavior | 3 |
| | 2024/10/04 | Taiwan Project Management Association | Legal Framework and Case Studies on Trade Secret Protection in Enterprises | 3 |
| | 2024/10/30 | Chinese Management and Sustainable Development Association | Practical Analysis of M&A Equity Investment Planning and Joint Venture Agreements | 3 |
| Ku, Chi-Hui | 2024/02/05 | Taiwan Corporate Governance Association , TCGA | Corporate Governance and Securities Regulations | 3 |
| | 2024/09/05 | Taiwan Project Management Association | The Operation and Evaluation of Performance Management Systems in Corporate Governance | 3 |
| | 2024/09/19 | Chinese Association for Financial and Economic Development | Perspectives on Corporate Financial Decision-Making Behavior | 3 |
| | 2024/10/04 | Taiwan Project Management Association | Legal Framework and Case Studies on Trade Secret Protection in Enterprises | 3 |
| Shih, Meng-Chin | 2024/02/05 | Taiwan Corporate Governance Association , TCGA | Corporate Governance and Securities Regulations | 3 |
| | 2024/09/05 | Taiwan Project Management Association | The Operation and Evaluation of Performance Management Systems in Corporate Governance | 3 |
| | 2024/09/19 | Chinese Association for Financial and Economic Development | Perspectives on Corporate Financial Decision-Making Behavior | 3 |
| | 2024/11/27 | Chinese Management and Sustainable Development Association | Analysis of Practical Disputes in Board Governance | 3 |

| | | | | |
|------------------|------------|--|---|---|
| Shao, Zhong-Ping | 2024/02/05 | Taiwan Corporate Governance Association , TCGA | Corporate Governance and Securities Regulations | 3 |
| | 2024/09/05 | Taiwan Project Management Association | The Operation and Evaluation of Performance Management Systems in Corporate Governance | 3 |
| | 2024/10/04 | Taiwan Project Management Association | Legal Framework and Case Studies on Trade Secret Protection in Enterprises | 3 |
| | 2024/10/30 | Chinese Management and Sustainable Development Association | Practical Analysis of M&A Equity Investment Planning and Joint Venture Agreements | 3 |
| LIU, Yen-Ti | 2024/02/05 | Taiwan Corporate Governance Association , TCGA | Corporate Governance and Securities Regulations | 3 |
| | 2024/08/09 | Taiwan Corporate Governance Association , TCGA | Impact of Recent Tax Law Changes on Business Operations and Corresponding Strategies | 3 |
| | 2024/08/09 | Taiwan Corporate Governance Association , TCGA | Concepts, Practices, and Tools for Group Tax Governance | 3 |
| | 2024/09/05 | Taiwan Project Management Association | The Operation and Evaluation of Performance Management Systems in Corporate Governance | 3 |
| Liu, Teng-Fa | 2024/02/05 | Taiwan Corporate Governance Association , TCGA | Corporate Governance and Securities Regulations | 3 |
| | 2024/04/09 | Taiwan CPA all rights reserved | Trends in Anti-Money Laundering and Case Analysis | 3 |
| | 2024/06/21 | Taiwan CPA all rights reserved | Mergers and Acquisitions and Due Diligence | 3 |
| | 2024/09/05 | Taiwan Project Management Association | The Operation and Evaluation of Performance Management Systems in Corporate Governance | 3 |
| Tsai, Jung-Fa | 2024/02/05 | Taiwan Corporate Governance Association , TCGA | Corporate Governance and Securities Regulations | 3 |
| | 2024/05/16 | Taiwan Institute of Directors | Latest Securities and Exchange Act and Corporate Governance – Analysis of the Responsibilities and Duties of the Board of Directors | 3 |
| | 2024/09/19 | Chinese Association for Financial and Economic | Perspectives on Corporate Financial Decision-Making | 3 |

| | | | | |
|-----------------|------------|--|--|---|
| | | Development | Behavior | |
| | 2024/10/30 | Chinese Management and Sustainable Development Association | Practical Analysis of M&A Equity Investment Planning and Joint Venture Agreements | 3 |
| Wang, Chi-Chuan | 2024/06/07 | Chinese Management and Sustainable Development Association | Corporate Governance and Securities Regulations – Discussing the Blueprint and Practices of Corporate Governance | 3 |
| | 2024/08/09 | Taiwan Corporate Governance Association , TCGA | Impact of Recent Tax Law Changes on Business Operations and Corresponding Strategies | 3 |
| | 2024/08/09 | Taiwan Corporate Governance Association , TCGA | Concepts, Practices, and Tools for Group Tax Governance | 3 |
| | 2024/09/05 | Taiwan Project Management Association | The Operation and Evaluation of Performance Management Systems in Corporate Governance | 3 |
| Chiu, Kuo-Wang | 2024/2/5 | Taiwan Corporate Governance Association , TCGA | Corporate Governance and Securities Regulations | 3 |
| | 2024/09/05 | Taiwan Project Management Association | The Operation and Evaluation of Performance Management Systems in Corporate Governance | 3 |
| | 2024/09/19 | Chinese Association for Financial and Economic Development | Perspectives on Corporate Financial Decision-Making Behavior | 3 |
| | 2024/10/04 | Taiwan Project Management Association | Legal Framework and Case Studies on Trade Secret Protection in Enterprises | 3 |

2.3.4 Establish the composition, responsibilities and operation of the salary and remuneration committee:

1. Salary and Remuneration Committee Member Information

| Condition | | Professional qualifications and experience | Independence situation | Number of members who concurrently serve as members of the salary and remuneration committees of other publicly traded companies |
|---------------------------------|----------------|--|------------------------|--|
| Title | Name | | | |
| Independent Director (Convener) | Liu,Teng-Fa | Please refer to pages 11 to 13 for the disclosure of information regarding the professional qualifications of directors and the independence of independent directors. | | — |
| Independent Director | Chiu,Kuo-Wang | | | — |
| Independent Director | Tsai,Jung-Fa | | | 1 |
| Independent Director | Wang,Chi-Chuan | | | 2 |

2. Information on the operation of the Salary and Remuneration Committee

(1) The company's salary and remuneration committee has 4 members.

(2) The term of the current committee members is from February 19, 2024, to February 4, 2027. In the most recent year, and up until the date of the annual report printing, the Compensation Committee held 5 meetings. The qualifications of the committee members and their attendance are as follows:

| Title | Name | Actual number of seats | Number of delegated attendances | Actual attendance rate (%) | Remark |
|---------------------------------|----------------|------------------------|---------------------------------|----------------------------|---------------------------|
| Independent Director (Convener) | Liu,Teng-Fa | 5 | 0 | 100 | 2024.02.19 Assumed office |
| Independent Director | Chiu,Kuo-Wang | 5 | 0 | 100 | 2024.02.19 Assumed office |
| Independent Director | Tsai,Jung-Fa | 5 | 0 | 100 | 2024.02.19 Assumed office |
| Independent Director | Wang,Chi-Chuan | 5 | 0 | 100 | 2024.02.19 Assumed office |

Other matters that should be recorded:

1. If the board of directors does not adopt or amend the recommendations of the salary and remuneration committee, it should state the date, period, content of the proposal, the results of the board of directors' resolution, and the company's handling of the salary and remuneration committee's opinions (if the salary and remuneration approved by the board of directors is superior to the salary and remuneration committee) It is suggested that the differences and reasons should be stated): This is not the case.
2. If a member has objections or reservations about matters decided by the Salary and Remuneration Committee and there is a record or written statement, the date, period, content of the proposal, all member opinions and the handling of the member's opinions should be stated: None Love affair.

2.3.5 Progress in implementing sustainable development and differences with the sustainability practices guidelines of listed companies: The execution status of sustainable development initiatives and the disparities with the sustainability practices guidelines of listed companies have not been thoroughly assessed.

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them |
|---|------------------|----|--|--|
| | YES | NO | Summary Explanation | |
| 1. Does the company establish a governance framework to promote sustainable development, set up dedicated (full-time or part-time) positions to promote sustainable development, authorize senior management by the board of directors to handle it, and supervise by the board of directors? | V | V | <p>On December 26, 2024, the Board of Directors established a Sustainability Development Committee and appointed three members to the committee, with Chairman Mr. Shi Chun-Jing serving as the convener. The committee is responsible for promoting management governance, environmental sustainability, and social participation initiatives.</p> <p>The "Sustainability Development Committee" is tasked with coordinating the formulation of the company's sustainability management policies. Through meetings and discussions, the committee identifies sustainability issues of concern to stakeholders and develops corresponding strategies. It also assigns functional units to assist in the implementation of sustainability-related matters and reviews the results.</p> <p>Once a year, the "Sustainability Development Committee" prepares a sustainability report outlining the results of sustainability initiatives and presents it to the Board of Directors. The Board reviews the company's strategies and achievements related to sustainability issues, tracks execution effectiveness, and provides ongoing supervision to ensure that sustainability strategies are integrated into the company's daily operations.</p> | No significant differences. |
| 2. Does the company conduct risk assessments related to environmental, social, and corporate governance issues relevant to its operations according to materiality principles, and establish related risk management policies or strategies? | V | | The company conducts various risk assessments as required by regulations and establishes related management mechanisms. The internal risk management policies set forth preventive measures to minimize losses resulting from risks as a principle. Potential risks that may affect the company's objectives are identified, assessed, addressed, and monitored. | No significant differences. |
| 3. Environmental Issues (1) Does the company establish an appropriate environmental management system based on its industry characteristics? | V | | Our company has established operational procedures for corporate sustainable development practices. We conduct regular audits of environmental health and safety aspects and continuously maintain the effectiveness of the system. | No significant differences. |
| (2) Is the company committed to enhancing energy efficiency and utilizing renewable materials with lower environmental impact? | V | | <p>1. Our company is a manufacturer of automotive cooling system equipment, with molds primarily sourced from our factory in Thailand. Waste management at our Taiwan facility focuses on recyclable copper wire offcuts, packaging cardboard, and plastic film, along with general business waste. To achieve circular economy goals, plastic frame leaves and fans scrapped at the Taiwan facility are shipped back to the Thailand factory for injection molding operations, reducing resource wastage and minimizing our consumption of Earth's resources.</p> <p>2. We continue to implement energy-saving and carbon-reduction projects in each office, prioritizing the purchase of green products to reduce environmental impact and fulfill our commitment to environmental</p> | No significant differences. |

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them | | | | | | | | | | | | | | | |
|--|---|---------|--|--|----------|---------|---------|-------|------|---|-----|-------|-------|------|---|-----|-------|-------|-----------------------------|
| | YES | NO | Summary Explanation | | | | | | | | | | | | | | | | |
| | | | <p>protection. This includes procuring green-certified paper, replacing energy-consuming equipment, and other initiatives.</p> <p>3. Install environmental-friendly and timed devices: Turn off air conditioning units outside of working hours or activate zone-based controls for air conditioning and lighting. Set office equipment such as computers to sleep mode during specified times. Turn off lights in office areas for 1 hour during lunch break and promote turning off lights when leaving a room.</p> | | | | | | | | | | | | | | | | |
| (3) Does the company assess the potential risks and opportunities of climate change on its present and future operations, and take relevant mitigation measures? | V | | Our company regularly promotes energy conservation and carbon reduction through slogans and posters to reinforce the concept of sustainable environmental development among all employees. In response to energy conservation and carbon reduction policies, during the summer, central air conditioning is set to a constant temperature to reduce greenhouse gas emissions. We also encourage employees to use environmentally friendly tableware and prioritize energy-saving and resource-reusing principles in the use of office-related equipment. | No significant differences. | | | | | | | | | | | | | | | |
| (4) Has the company compiled data on greenhouse gas emissions, water usage, and total waste weight over the past two years, and developed policies for reducing greenhouse gas emissions, decreasing water usage, or managing other waste? | V | | <p>1. Greenhouse Gas Management</p> <p>As global carbon reduction regulations continue to tighten, greenhouse gas (GHG) management has become a critical issue that businesses must address. To enhance KING SHING capabilities in this area, the Taiwan headquarters and the Thailand subsidiary implemented the ISO 14064-1 GHG inventory system in 2023 and 2022, respectively. Both sites have successfully established internal procedures for GHG inventory covering Categories 1 through 6 and have incorporated these inventories into their routine annual operations. To ensure the accuracy of the inventory data, the GHG inventories of the Taiwan headquarters and the Thailand subsidiary were verified in accordance with ISO 14064-1 in 2023 and 2022, respectively. These efforts reflect KING SHING strong commitment to effective GHG management.</p> <table border="1"> <thead> <tr> <th></th><th>Category</th><th>Scope 1</th><th>Scope 2</th><th>Total</th></tr> </thead> <tbody> <tr> <td>2022</td><td>Emissions (tonnes CO₂e/year)</td><td>252</td><td>2,609</td><td>2,861</td></tr> <tr> <td>2023</td><td>Emissions (tonnes CO₂e/year)</td><td>258</td><td>2,745</td><td>3,003</td></tr> </tbody> </table> <p>2. Carbon Reduction and Energy-Saving Measures</p> <p>KING SHING is committed to reducing carbon emissions from its operations through the implementation of energy-saving initiatives, contributing to the global effort to mitigate climate change. In 2024, a total of nine</p> | | Category | Scope 1 | Scope 2 | Total | 2022 | Emissions (tonnes CO ₂ e/year) | 252 | 2,609 | 2,861 | 2023 | Emissions (tonnes CO ₂ e/year) | 258 | 2,745 | 3,003 | No significant differences. |
| | Category | Scope 1 | Scope 2 | Total | | | | | | | | | | | | | | | |
| 2022 | Emissions (tonnes CO ₂ e/year) | 252 | 2,609 | 2,861 | | | | | | | | | | | | | | | |
| 2023 | Emissions (tonnes CO ₂ e/year) | 258 | 2,745 | 3,003 | | | | | | | | | | | | | | | |

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them | | | | | | | | | | | | | | | | | | | | | | | | |
|------------------------|---|--------------------------------|---|--|---|--------------------------------|---|----------------------|-----------|-------|----------|--------------|------------|----------|--------|-----------------------|----------|-------|-------|---------------------|--------|------|---------|-------|------------|----------|--------|--|
| | YES | NO | Summary Explanation | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <p>energy-saving measures were implemented across KING SHING's Taiwan headquarters and Thailand subsidiary, resulting in an estimated reduction of approximately 629,644.31 kg CO₂e in greenhouse gas emissions.</p> <p>At the Taiwan headquarters, 510 outdated fluorescent light tubes were replaced with energy-efficient LED tubes, significantly lowering the power consumption per fixture. At the Thailand subsidiary, a self-consumption solar panel system with an installed capacity of 998.44 kW was completed in August 2023, with a total of 1,832 panels installed. Additionally, the replacement of old equipment—including fans, air conditioners, water dispensers, and lighting—contributed to a substantial reduction in electricity consumption from aging devices in the facility.</p> <table><tr><th>Energy-Saving Category</th><th>Carbon Reduction (kg CO₂e)</th><th>Investment Amount (NTD 10,000)</th><th>Carbon Reduction Efficiency (kg CO₂e / NTD 10,000)</th></tr><tr><td>Lighting Replacement</td><td>48,326.23</td><td>19.23</td><td>2,513.06</td></tr><tr><td>Solar Energy</td><td>579,683.04</td><td>2,194.65</td><td>264.13</td></tr><tr><td>Equipment Replacement</td><td>1,241.33</td><td>12.90</td><td>96.23</td></tr><tr><td>Process Improvement</td><td>393.71</td><td>0.33</td><td>1193.06</td></tr><tr><td>Total</td><td>629,644.31</td><td>2,227.11</td><td>282.72</td></tr></table> <p>3. Water Resource Management</p> <p>All water used at KING SHING Precision’s Taiwan headquarters is sourced from a third-party municipal water supplier. The Thailand subsidiary, on the other hand, utilizes a combination of rainwater harvesting, groundwater, and municipal water. In 2024, KING SHING’s total water withdrawal amounted to 16.47 million liters, representing a 12.42% increase compared to the previous year, primarily due to an increase in</p> | Energy-Saving Category | Carbon Reduction (kg CO ₂ e) | Investment Amount (NTD 10,000) | Carbon Reduction Efficiency (kg CO ₂ e / NTD 10,000) | Lighting Replacement | 48,326.23 | 19.23 | 2,513.06 | Solar Energy | 579,683.04 | 2,194.65 | 264.13 | Equipment Replacement | 1,241.33 | 12.90 | 96.23 | Process Improvement | 393.71 | 0.33 | 1193.06 | Total | 629,644.31 | 2,227.11 | 282.72 | |
| Energy-Saving Category | Carbon Reduction (kg CO ₂ e) | Investment Amount (NTD 10,000) | Carbon Reduction Efficiency (kg CO ₂ e / NTD 10,000) | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lighting Replacement | 48,326.23 | 19.23 | 2,513.06 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Solar Energy | 579,683.04 | 2,194.65 | 264.13 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment Replacement | 1,241.33 | 12.90 | 96.23 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Process Improvement | 393.71 | 0.33 | 1193.06 | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--------|---|--|---|--------|--------|--------|---------------------------|--------------------------------------|------|------|------|-------------|------|------|------|------------------------|------|-------|-------|------------------------|--|-------|-------|-------|---|--|--------|--------|--------|--|
| | YES | NO | Summary Explanation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <p>order volume. Water intensity was 0.0097 million liters per NT\$1 million in revenue, a slight increase of 4.3% year over year.</p> <p>As there is no process wastewater generated at either the Taiwan headquarters or the Thailand subsidiary, the discharged wastewater is primarily domestic in nature and complies with local wastewater discharge standards without the need for additional treatment. Nevertheless, the Thailand subsidiary commissions a third-party organization annually to conduct wastewater testing. Test parameters include pH, Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD), Suspended Solids (SS), Total Nitrogen, and Oil and Grease. These measures enhance wastewater monitoring and management at the facility, ensuring compliance with applicable wastewater regulations and minimizing environmental risk.</p> <table border="1"> <thead> <tr> <th>Water Source Category</th><th>Withdrawal/Discharge Destination Categories</th><th>2022 年</th><th>2023 年</th><th>2024 年</th></tr> </thead> <tbody> <tr> <td rowspan="3">Water Withdrawal(Note 2)</td><td>Rainwater Harvesting / Surface Water</td><td>3.90</td><td>3.56</td><td>5.12</td></tr> <tr> <td>Groundwater</td><td>0.28</td><td>0.38</td><td>0.57</td></tr> <tr> <td>Municipal Water Supply</td><td>9.22</td><td>10.70</td><td>10.78</td></tr> <tr> <td colspan="2">Total Water Withdrawal</td><td>13.40</td><td>14.65</td><td>16.47</td></tr> <tr> <td colspan="2">Water Intensity (Million Liters / NT\$ Million Revenue)</td><td>0.0096</td><td>0.0093</td><td>0.0097</td></tr> </tbody> </table> <p>Note 1: Water consumption unit of measurement: Million liters.</p> <p>Note 2: Statistical scope: Includes Taiwan headquarters Pingzhen plant, Taiwan headquarters Sanxia plant, and the Thailand subsidiary.</p> <p>Note 3: Water intensity calculation method: Water intensity (million liters / NT\$ million revenue) = (Surface water + Groundwater + Third-party water) / Annual revenue (NT\$ million).</p> <p>Note 4: Data sources: Taiwan headquarters data is based on monthly water bills; Thailand subsidiary municipal water is based on monthly water bills, with surface water and groundwater estimated.</p> <p>Note 5: Due to the incomplete installation of flow meters at the plant, discharge and water consumption volumes have not been disclosed. These will be disclosed once all flow meters are installed in the future.</p> <p>4. Waste Management</p> <p>All waste generated by KING SHING Precision is entrusted to qualified third-party waste disposal companies. Before signing the contract, the waste disposal projects, conditions, and certificate validity dates are reviewed, ensuring that only waste disposal companies that comply with the regulations are authorized. During the waste removal process, staff is assigned to accompany the disposal company and verify the weight of the waste, obtaining a triplicate waste disposal form to prevent illegal dumping by the waste transporter.</p> | Water Source Category | Withdrawal/Discharge Destination Categories | 2022 年 | 2023 年 | 2024 年 | Water Withdrawal(Note 2) | Rainwater Harvesting / Surface Water | 3.90 | 3.56 | 5.12 | Groundwater | 0.28 | 0.38 | 0.57 | Municipal Water Supply | 9.22 | 10.70 | 10.78 | Total Water Withdrawal | | 13.40 | 14.65 | 16.47 | Water Intensity (Million Liters / NT\$ Million Revenue) | | 0.0096 | 0.0093 | 0.0097 | |
| Water Source Category | Withdrawal/Discharge Destination Categories | 2022 年 | 2023 年 | 2024 年 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water Withdrawal(Note 2) | Rainwater Harvesting / Surface Water | 3.90 | 3.56 | 5.12 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Groundwater | 0.28 | 0.38 | 0.57 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Municipal Water Supply | 9.22 | 10.70 | 10.78 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Water Withdrawal | | 13.40 | 14.65 | 16.47 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Water Intensity (Million Liters / NT\$ Million Revenue) | | 0.0096 | 0.0093 | 0.0097 | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|------------------|--------|--|--|--|--|--|------|------|------|------|--|--------|--------|--------|-----------------------------------|-------|-------|-------|--------------------|--------|--------|----------|------------------------|---|-------|-------|--|------|------|------|--|
| | YES | NO | Summary Explanation | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | <p>The Thailand subsidiary applies quarterly to the Industrial Department for waste disposal (approximately 170 tons per quarter), and the waste disposal provider must hold a valid certification from the Industrial Department. These providers are required to comply with relevant laws, such as the "Waste Disposal and Management Act," and the Thai Industrial Department regularly audits the recycling companies.</p> <p>The Taiwan headquarters mainly houses the R&D center and warehouse, so the primary waste consists of cardboard boxes and PE foam, followed by domestic waste. In contrast, the Thailand subsidiary, being the main production site, generates mainly metal stamping waste from the production process. In 2024, KING SHING’s total waste volume amounted to 1,023.41 tons, a 10.9% increase compared to 2023, primarily due to an increase in order volume. Approximately 84.47% of the waste was recycled, and 12.47% was reused as raw material. Non-hazardous industrial waste accounted for 97.19% (approximately 994.67 tons), while hazardous industrial waste accounted for only 2.81% (28.74 tons). The waste intensity in 2024 was 0.60 tons per NT\$1 million revenue.</p> <table><tr><th colspan="4">Waste Generation (Tons)</th></tr><tr><th>Year</th><th>2022</th><th>2023</th><th>2024</th></tr><tr><td>General Industrial Waste (Tons) (Note 1)</td><td>774.83</td><td>885.34</td><td>994.67</td></tr><tr><td>Hazardous Industrial Waste (Tons)</td><td>43.65</td><td>37.41</td><td>28.74</td></tr><tr><td>Total Waste (Tons)</td><td>818.48</td><td>922.75</td><td>1,023.41</td></tr><tr><td>Annual Growth Rate (%)</td><td>-</td><td>12.7%</td><td>10.9%</td></tr><tr><td>Waste Intensity (Tons / Million Revenue)</td><td>0.58</td><td>0.59</td><td>0.60</td></tr></table> <p>Note 1:The domestic waste generated by the Taiwan headquarters office is estimated based on the formula: (Average number of employees in the year) × (Number of working days in the year) × (Average daily general waste generation per person of 1.359 kg/day, as announced by the Ministry of Environment in 2023).</p> | Waste Generation (Tons) | | | | Year | 2022 | 2023 | 2024 | General Industrial Waste (Tons) (Note 1) | 774.83 | 885.34 | 994.67 | Hazardous Industrial Waste (Tons) | 43.65 | 37.41 | 28.74 | Total Waste (Tons) | 818.48 | 922.75 | 1,023.41 | Annual Growth Rate (%) | - | 12.7% | 10.9% | Waste Intensity (Tons / Million Revenue) | 0.58 | 0.59 | 0.60 | |
| Waste Generation (Tons) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Year | 2022 | 2023 | 2024 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| General Industrial Waste (Tons) (Note 1) | 774.83 | 885.34 | 994.67 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| Waste Intensity (Tons / Million Revenue) | 0.58 | 0.59 | 0.60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. Social issues (1) Does the company establish relevant management policies and procedures in accordance with relevant regulations and international human rights conventions? | V | | <p>Our company places significant emphasis on and adheres to the Universal Declaration of Human Rights (UDHR). To fulfill our corporate social responsibility and safeguard the fundamental human rights of employees and stakeholders, we respect internationally recognized basic human rights. We have established corporate governance human rights policies based on the guiding principles of the UDHR and in accordance with domestic labor laws such as the International Bill of Human Rights, the Labor Standards Act, the Gender Equality in Employment Act, and the Occupational Safety and Health Act. These policies aim to eliminate any</p> | No significant differences. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them | | | | | | | | | | | | |
|---|---|---------------------------------------|--|--|--|--|--------------|-------------------------------------|---------------------|---|---|---------------------------------------|--|---|-------------------------|--|
| | YES | NO | Summary Explanation | | | | | | | | | | | | | |
| | | | <p>infringement or violation of human rights and ensure dignified treatment of all current employees.</p> <p>In particular, our company has formulated the 'Cultivating Human Capital, Strengthening Organizational Development' strategy, which comprehensively implements the five pillars of talent development: recruiting talent, utilizing talent, nurturing talent, retaining talent, and, when necessary, replacing talent. Additionally, we focus on enhancing leadership skills among all levels of management.</p> <p>Our company upholds the principle of equal opportunity for all individuals and ensures the protection of human rights. In matters such as recruitment, compensation, benefits, rewards and penalties, employment, job assignment, training opportunities, promotion, demotion, or retirement, the company does not support discrimination based on race, ethnicity, color, height, weight, vision, place of birth, military status and nationality, ethnicity, social background, social status, lineage, religion, gender, sexual orientation, family responsibility, marital status, political affiliation, age, pregnancy (childbirth), physical disability, medical condition, health examination results, physical illness, or any other improper discrimination.</p> <p>Our company strictly prohibits the use of child labor, gender discrimination, forced labor, or any actions that hinder or obstruct the freedom of employees. As of December 31, 2024, no complaints related to human rights have been received.</p> <p>To safeguard the employment rights of all employees, our company and employees sign standardized employment contracts to protect the rights of employees.</p> <p>The summary of our company's human rights management policy and specific measures are as follows:</p> <table><tr><th colspan="3">Human Rights Policy and Implementation Measures</th></tr><tr><th>Policy Focus</th><th>Implementation Measures Explanation</th><th>Performance in 2024</th></tr><tr><td>Multiculturalism and Non-discrimination</td><td>Respecting workplace human rights and promoting diversity, we ensure that there is no discrimination or differential treatment based on individual gender, sexual orientation, race, class, age, marital status, language, ideology, religion, political affiliation, birthplace, appearance, facial features, disabilities, or any other characteristic.</td><td>Non-discrimination incident complaint</td></tr><tr><td>No child labor or forced labor in employment</td><td>The company explicitly prohibits the employment of individuals under the age of sixteen. Respecting employee freedom, the company strictly prohibits any form of forced labor.</td><td>No violations occurred.</td></tr></table> | Human Rights Policy and Implementation Measures | | | Policy Focus | Implementation Measures Explanation | Performance in 2024 | Multiculturalism and Non-discrimination | Respecting workplace human rights and promoting diversity, we ensure that there is no discrimination or differential treatment based on individual gender, sexual orientation, race, class, age, marital status, language, ideology, religion, political affiliation, birthplace, appearance, facial features, disabilities, or any other characteristic. | Non-discrimination incident complaint | No child labor or forced labor in employment | The company explicitly prohibits the employment of individuals under the age of sixteen. Respecting employee freedom, the company strictly prohibits any form of forced labor. | No violations occurred. | |
| Human Rights Policy and Implementation Measures | | | | | | | | | | | | | | | | |
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| Multiculturalism and Non-discrimination | Respecting workplace human rights and promoting diversity, we ensure that there is no discrimination or differential treatment based on individual gender, sexual orientation, race, class, age, marital status, language, ideology, religion, political affiliation, birthplace, appearance, facial features, disabilities, or any other characteristic. | Non-discrimination incident complaint | | | | | | | | | | | | | | |
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| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them | | | | | | | | | | | | | | | | | | |
|---|---|--|--|--|--|--|--------------|-------------------------------------|---------------------|---------------------------|---|--|---------------------------|---|------------------------|------------------------|--|---|---------------------------|---|--|--|
| | YES | NO | Summary Explanation | | | | | | | | | | | | | | | | | | | |
| | | | <table><tr><th colspan="3">Human Rights Policy and Implementation Measures</th></tr><tr><th>Policy Focus</th><th>Implementation Measures Explanation</th><th>Performance in 2023</th></tr><tr><td>Gender-friendly workplace</td><td>Establishment of Sexual Harassment Prevention and Related Policies.</td><td>No workplace harassment, bullying, or abuse complaints reported.</td></tr><tr><td>Diverse Job Opportunities</td><td>Employment of People with Disabilities.</td><td>Above legal standards.</td></tr><tr><td>Education and Training</td><td>Human Rights and Labor Rights Advocacy and Training, such as: new employee orientation training, annual human rights policy training for all employees, department-specific courses, and subsidized education and training programs.</td><td>The total training hours amounted to 136 hours, with 136 employees completing the training, achieving a 100% completion rate.</td></tr><tr><td>Employee Health Promotion</td><td>"Sustaining the promotion of employee health as a core value, we are fully committed to creating a 'healthy environment' and fostering 'healthy employees.' To advance this core value and objective, the company has implemented the following health promotion measures: 1. Providing regular health check-up services for employees. 2. In accordance with labor health protection regulations, hiring professional and qualified medical institutions to provide on-site medical services for employees."</td><td>Regularly scheduling on-site nurses to assess the physical and mental well-being of personnel. One-on-one health counseling: In 2024, a total of 216 sessions were conducted. ° On-site nursing services: There were 72 instances in 2024.</td></tr></table> | Human Rights Policy and Implementation Measures | | | Policy Focus | Implementation Measures Explanation | Performance in 2023 | Gender-friendly workplace | Establishment of Sexual Harassment Prevention and Related Policies. | No workplace harassment, bullying, or abuse complaints reported. | Diverse Job Opportunities | Employment of People with Disabilities. | Above legal standards. | Education and Training | Human Rights and Labor Rights Advocacy and Training, such as: new employee orientation training, annual human rights policy training for all employees, department-specific courses, and subsidized education and training programs. | The total training hours amounted to 136 hours, with 136 employees completing the training, achieving a 100% completion rate. | Employee Health Promotion | "Sustaining the promotion of employee health as a core value, we are fully committed to creating a 'healthy environment' and fostering 'healthy employees.' To advance this core value and objective, the company has implemented the following health promotion measures: 1. Providing regular health check-up services for employees. 2. In accordance with labor health protection regulations, hiring professional and qualified medical institutions to provide on-site medical services for employees." | Regularly scheduling on-site nurses to assess the physical and mental well-being of personnel. One-on-one health counseling: In 2024, a total of 216 sessions were conducted. ° On-site nursing services: There were 72 instances in 2024. | |
| Human Rights Policy and Implementation Measures | | | | | | | | | | | | | | | | | | | | | | |
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| Gender-friendly workplace | Establishment of Sexual Harassment Prevention and Related Policies. | No workplace harassment, bullying, or abuse complaints reported. | | | | | | | | | | | | | | | | | | | | |
| Diverse Job Opportunities | Employment of People with Disabilities. | Above legal standards. | | | | | | | | | | | | | | | | | | | | |
| Education and Training | Human Rights and Labor Rights Advocacy and Training, such as: new employee orientation training, annual human rights policy training for all employees, department-specific courses, and subsidized education and training programs. | The total training hours amounted to 136 hours, with 136 employees completing the training, achieving a 100% completion rate. | | | | | | | | | | | | | | | | | | | | |
| Employee Health Promotion | "Sustaining the promotion of employee health as a core value, we are fully committed to creating a 'healthy environment' and fostering 'healthy employees.' To advance this core value and objective, the company has implemented the following health promotion measures: 1. Providing regular health check-up services for employees. 2. In accordance with labor health protection regulations, hiring professional and qualified medical institutions to provide on-site medical services for employees." | Regularly scheduling on-site nurses to assess the physical and mental well-being of personnel. One-on-one health counseling: In 2024, a total of 216 sessions were conducted. ° On-site nursing services: There were 72 instances in 2024. | | | | | | | | | | | | | | | | | | | | |

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them | | | | | | | | | | |
|---|---|----|---|--|--|-------|-------------|--------|---|-------|---|-----------------------|---|-----------------------------|
| | YES | NO | Summary Explanation | | | | | | | | | | | |
| (2) Does the company establish and implement reasonable employee benefit measures (including compensation, vacation, and other perks), and appropriately reflect operational performance or results in employee compensation? | V | | <p>Our company adheres to the philosophy of attracting top talent, motivating, and retaining existing employees. Therefore, our starting salary, salary reviews, and bonuses not only comply with Taiwan labor laws but also, based on observations of the labor market, are generally higher than industry averages. Evaluation considerations primarily include educational background, work experience, professional skills, position level, future development potential, and job performance. There is no differentiation or discriminatory treatment based on factors such as race, class, language, politics, religion, nationality, gender, age, or marital status.</p> <table><tr><th colspan="2">Compensation Principles</th></tr><tr><th>Items</th><th>Explanation</th></tr><tr><td>Salary</td><td>The salary comprises the base pay plus various allowances, meal subsidies, attendance bonuses, performance bonuses, job-related allowances, annual salary adjustments, periodic promotion-based salary increases, and year-end bonuses. Salary adjustments are made based on individual performance and are subject to the overall company performance.</td></tr><tr><td>Bonus</td><td>We conduct monthly performance evaluations using a multi-faceted incentive program to provide feedback and reward outstanding performance by colleagues. Three major festival bonuses (Chinese New Year/Dragon Boat Festival/Mid-Autumn Festival), performance bonuses, year-end party cash gifts, May Day labor holiday bonuses, travel allowances, talent recommendation project incentives, birthday gifts, etc.</td></tr><tr><td>Employee compensation</td><td>Employee bonuses are determined based on the overall performance of the company for the year, with a certain proportion of profits allocated as the basis for employee bonuses.</td></tr></table> <p>Our company aims to enhance employee labor rights by establishing a comprehensive employee care system, designed with diverse employee care, welfare measures, and activities.</p> | Compensation Principles | | Items | Explanation | Salary | The salary comprises the base pay plus various allowances, meal subsidies, attendance bonuses, performance bonuses, job-related allowances, annual salary adjustments, periodic promotion-based salary increases, and year-end bonuses. Salary adjustments are made based on individual performance and are subject to the overall company performance. | Bonus | We conduct monthly performance evaluations using a multi-faceted incentive program to provide feedback and reward outstanding performance by colleagues. Three major festival bonuses (Chinese New Year/Dragon Boat Festival/Mid-Autumn Festival), performance bonuses, year-end party cash gifts, May Day labor holiday bonuses, travel allowances, talent recommendation project incentives, birthday gifts, etc. | Employee compensation | Employee bonuses are determined based on the overall performance of the company for the year, with a certain proportion of profits allocated as the basis for employee bonuses. | No significant differences. |
| Compensation Principles | | | | | | | | | | | | | | |
| Items | Explanation | | | | | | | | | | | | | |
| Salary | The salary comprises the base pay plus various allowances, meal subsidies, attendance bonuses, performance bonuses, job-related allowances, annual salary adjustments, periodic promotion-based salary increases, and year-end bonuses. Salary adjustments are made based on individual performance and are subject to the overall company performance. | | | | | | | | | | | | | |
| Bonus | We conduct monthly performance evaluations using a multi-faceted incentive program to provide feedback and reward outstanding performance by colleagues. Three major festival bonuses (Chinese New Year/Dragon Boat Festival/Mid-Autumn Festival), performance bonuses, year-end party cash gifts, May Day labor holiday bonuses, travel allowances, talent recommendation project incentives, birthday gifts, etc. | | | | | | | | | | | | | |
| Employee compensation | Employee bonuses are determined based on the overall performance of the company for the year, with a certain proportion of profits allocated as the basis for employee bonuses. | | | | | | | | | | | | | |

| Project Promotion | Execution Status | | | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them | |
|--|------------------|----|---|----------------------------------|--|---|-----------------------------|
| | YES | NO | Summary Explanation | | | | |
| | | | | Types | Purpose | Employee Care and Welfare Measures Activities | |
| | | | | The Welfare Committee Activities | Creating a workplace that promotes physical, mental, and emotional well-being, thereby enhancing work efficiency. | Special discounts at partner stores. Periodic domestic (charity) events. Activities such as beach cleanups and charitable donations for public welfare. Wedding, funeral, and celebratory welfare subsidies; birthday gifts. Occasional afternoon tea events. | |
| | | | | Leisure/convenience facilities | Enhancing employee care spaces and fostering a friendly work environment. | Nursery room An open pantry area providing complimentary coffee and tea bags. Free motorcycle parking lot and shuttle service provided. First aid kits and AEDs are installed on site. | |
| | | | | Health Examination | Care and monitoring of employee health. | Regularly scheduled employee health check-ups, including blood tests, vision tests, hearing tests, lipid tests, urine tests, chest X-rays, etc. | |
| | | | | Employee insurance | Ensuring employee rights and benefits | Group insurance: Life insurance, disability insurance, accident insurance (medical), hospitalization insurance, occupational accident insurance. Labor insurance, health insurance. | |
| | | | | Other benefits | Project bonuses, such as cost reduction projects, talent referral bonuses. Monthly performance bonuses for outstanding employees. | | |
| (3) Does the company provide employees with a safe and healthy working environment, and regularly conduct safety and health education for employees? | V | | 1. Occupational Health and Safety Policy Our company adheres to the Occupational Health and Safety Act and regulations set forth by customers and relevant stakeholders to establish policies that promote a healthy and safe workplace. We respect the requirements of stakeholders concerning occupational health and safety to create a workplace that fosters health and happiness. With occupational accident prevention and hazard mitigation as our core principles, we utilize appropriate management tools, mature technologies, and available resources to address occupational health and safety | | | | No significant differences. |

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them |
|-------------------|------------------|----|--|--|
| | YES | NO | Summary Explanation | |
| | | | <p>issues within our facilities. We continuously develop effective strategies, integrate occupational safety culture, and enhance protection measures for our employees. Additionally, we allocate resources to strengthen prevention of occupational diseases to achieve a zero-accident environment.</p> <p>Furthermore, our company has established quantifiable indicators to extend occupational health and safety activities to our products and related services, enhancing overall performance and effectively controlling risks.</p> <p>2. Occupational Health and Safety Management System</p> <p>To prevent workplace accidents, provide a friendly working environment, and ensure employee safety, we have implemented an Occupational Health and Safety Management System since 2020. Since then, our occupational health and safety management work has officially transitioned to systematic management. In 2021, we obtained ISO 45001 certification, valid from September 23, 2021, to September 22, 2027.</p> <p>3. Employee Health and Safety</p> <p>To ensure the health and safety of all employees across the entire group and within factory premises, KING SHING regularly and irregularly collects information or practical cases from domestic and international sources, industries, regulatory agencies, etc. These are internally analyzed and reviewed to prevent similar situations from occurring. Additionally, dedicated departments conduct regular inspections and risk assessments each year, identifying high-risk occupational safety items as improvement targets and continuously monitoring improvements.</p> <p>4. Labor work environment monitoring</p> <p>We conduct semi-annual occupational environment monitoring twice a year, including temperature/humidity, lighting, noise, and toxic substance measurements, among others. This is to ensure that workers are protected from harmful substances in the workplace and to provide a healthy and comfortable working environment in compliance with national standards and permissible concentration regulations. We continuously analyze and improve based on retained records. In addition to providing protective equipment, dedicated personnel regularly inspect equipment and management measures on-site to prevent employees from encountering hazardous working environments or workplaces.</p> <p>5. Occupational accident case handling and prevention improvement</p> <p>KING SHING has a comprehensive mechanism for handling occupational accidents resulting in injury or death. We conduct simultaneous accident investigations and implement improvement measures to prevent similar hazards from recurring. In case an employee is injured due to work-related incidents, the company complies with legal regulations and provides sick leave for work-related injuries or illnesses. Furthermore, we assist in applying for workers' compensation for occupational accidents according to labor laws.</p> | |

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them |
|--|------------------|----|---|--|
| | YES | NO | Summary Explanation | |
| | | | <p>6. Occupational Injury and Fire Incident Statistics</p> <p>(1) Occupational injury incident statistics:</p> <p>There were no major occupational accidents in 2024. Only minor disabling injuries (requiring temporary leave from work for more than one day) were reported, totaling 19 cases involving 19 individuals, accounting for 2.44% of the total number of employees at the end of 2024.</p> <p>(2) Fire incident statistics: There were no fire incidents in 2023.</p> | |
| (4) Does the company establish effective career development and training programs for employees? | V | | The company provides comprehensive competency training for supervisors and staff at all levels, aiming to continuously enhance employee knowledge and skills. Training includes orientation for new hires, on-the-job training (including training for reserve management), and external training opportunities. In addition to courses mandated by regulations or management needs, the company also has internal instructors who teach courses related to corporate culture, ensuring that new employees joining at different times can share the same core values of the company. The company also has a comprehensive employee promotion assessment system in accordance with company management regulations. | No significant differences. |
| (5) The company adheres to relevant laws and international standards regarding issues such as customer health and safety, customer privacy, marketing, and labeling, and has established policies and complaint procedures to protect consumer or customer rights and interests? | V | | Our company's products adhere to the relevant international regulations in each sales region, undergoing testing and certification before sale. We maintain open communication channels with customers and provide transparent and effective complaint handling procedures for products and services. | No significant differences. |
| (6) Has the company established a supplier management policy that requires suppliers to adhere to relevant regulations on environmental protection, occupational health and safety, and labor rights, and their implementation status? | V | | Our company has established the "External Supplier Evaluation Standard Operating Procedures" and conducts annual supplier evaluations. Suppliers who fail the evaluation will not be considered for selection. Additionally, if a supplier is found to have violated environmental, occupational health and safety, or labor rights regulations, causing significant impact on the environment and society, the company will assess the termination or dissolution of the contract. | No significant differences. |
| 5. Does the company refer to internationally recognized reporting guidelines or standards to prepare non-financial information disclosure reports such as sustainability reports? Has the aforementioned report obtained an assurance or opinion from a third-party verification unit? | | V | Our company has not yet compiled a sustainability report. | In the future, we will follow the 'Practical Guidelines for Sustainable Development' as the basis for our practices. |

| Project Promotion | Execution Status | | | Differences with the sustainability practices guidelines of listed companies and the reasons behind them |
|---|------------------|----|---------------------|--|
| | YES | NO | Summary Explanation | |
| 6. If the company has established its own sustainability guidelines based on the "Practical Guidelines for Sustainable Development of Listed and OTC Companies," please describe how they operate and the differences between its guidelines and those established by the Practical Guidelines for Sustainable Development of Listed and OTC Companies : | | | | |
| The company has established its own Sustainable Development Practices based on the "Practical Guidelines for Sustainable Development of Listed and OTC Companies." A Corporate Governance and Sustainable Development Committee has been set up to fulfill sustainability and social responsibility commitments, dedicating efforts to environmental protection, social contributions, community service, public welfare, consumer rights, human rights, safety and health, and other social responsibility activities. | | | | |
| 7. Other important information contributing to understanding the implementation of sustainable development initiatives : | | | | |
| Our company website has established an "ESG Sustainable Development" section, and we plan to gradually disclose our sustainable development initiatives and progress in this area on the website. | | | | |

2.3.6 The fulfillment of honest business practices and the differences and reasons compared to the ethical business conduct guidelines of listed companies. :

| Evaluation Items | Operational Status | | | Differences and Reasons Compared to the Ethical Business Conduct Guidelines of Listed Companies |
|--|--------------------|----|--|---|
| | YES | NO | Summary Explanation | |
| <p>1. Establishment of Honest Business Policies and Programs</p> <p>(1) Has the company established an honest business policy approved by the board of directors and clearly stated the policy and practices of honest business conduct in regulations and external documents, as well as actively implemented the commitment of the board of directors and senior management to the business policy?</p> | V | | <p>(1) The company has established the "Code of Ethics for Business Operations" and "Procedures and Guidelines for Ethical Business Conduct," which directors, managers, employees, appointees, or substantial controllers of the company must adhere to.</p> <p>(2) The company signs confidentiality agreements with employees and major suppliers and provides a whistleblower hotline to prevent misconduct.</p> | No significant differences. |
| <p>(2) Has the company established a mechanism for assessing the risk of dishonest behavior, regularly analyzing and evaluating business activities with a higher risk of dishonest behavior within the scope of operations, and formulating measures to prevent dishonest behavior based on such assessments, covering at least the preventive measures for the behaviors specified in Article 7, Paragraph 2 of the "Code of Ethical Business Conduct for Listed Companies"?</p> | V | | The company's "Code of Ethics" and "Code of Business Conduct" contain specific regulations regarding employee behavior or ethics, and relevant regulations are posted on the company's internal website. | No significant differences. |

| Evaluation Items | Operational Status | | | Differences and Reasons Compared to the Ethical Business Conduct Guidelines of Listed Companies |
|---|--------------------|----|--|---|
| | YES | NO | Summary Explanation | |
| (3) Does the company clearly stipulate operational procedures, behavioral guidelines, disciplinary measures for violations, and a complaint mechanism in the program to prevent dishonest behavior, and implement them, regularly reviewing and revising the aforementioned program? | V | | The company has established the "Procedures and Guidelines for Ethical Business Conduct," which clearly outline operational procedures, disciplinary measures for violations, and a complaint mechanism. These are implemented and enforced, and through an internal audit mechanism, dishonest behavior is regularly assessed, and the aforementioned program is reviewed and revised as needed. | No significant differences. |
| 2. Implementing Ethical Business Practices (1) Does the company assess the integrity records of counterparties and include clauses on ethical behavior in contracts signed with them? | V | | Prior to the initial transaction with clients and suppliers, the company conducts assessments and investigations through relevant units. After review by management, commercial contracts are signed based on actual needs to initiate transactions. Additionally, the transaction records of counterparties are regularly reviewed and evaluated. | No significant differences. |
| (2) The company has established a dedicated unit under the board of directors to promote corporate integrity, and it regularly (at least once a year) reports to the board of directors on its integrity policies, measures to prevent dishonest behavior, and the supervision of their implementation. | V | | <p>The Management Department of our company serves as the dedicated unit responsible for promoting corporate ethical business practices. It is in charge of formulating and supervising the implementation of integrity policies and prevention programs. The implementation status was reported to the Board of Directors on March 12, 2025.</p> <p>Our company is committed to enforcing the integrity management policy. Implementation details are as follows:</p> <p>The company promotes the prohibition of insider trading annually, reminding directors and insiders of related issues. Information on the implementation of integrity management is made available on the company website for reference by directors, managers, and employees.</p> <p>On April 29, 2024, the company sent out an internal email to all employees to promote awareness of laws and regulations related to “Ethical and Integrity Management” and “Prevention of Insider Trading.”</p> <p>The company has established a whistleblower system and created a stakeholder section on its website to provide effective communication channels for employees, shareholders, investors, customers, and suppliers.</p> | No significant differences. |
| (3) Has the company established a policy to prevent conflicts of interest, provided appropriate reporting channels, and implemented it effectively? | V | | <p>The company has established a conflict of interest policy outlined in the "Board Meeting Regulations": Directors with personal interests or interests represented by legal persons should disclose the important details of their interests at the meeting. If their interests are detrimental to the company's interests, they are not allowed to participate in discussions or voting at that meeting. They must abstain from discussion and voting, and they cannot act as proxies for other directors.</p> <p>Furthermore, the "Procedures and Guidelines for Ethical Business Conduct" also include a conflict of interest policy: Company personnel are prohibited from using company resources for activities</p> | No significant differences. |

| Evaluation Items | Operational Status | | | Differences and Reasons Compared to the Ethical Business Conduct Guidelines of Listed Companies |
|--|--------------------|----|---|---|
| | YES | NO | Summary Explanation | |
| | | | outside the company. They are also prohibited from allowing their participation in activities outside the company to affect their job performance. | |
| (4) The company has established effective accounting and internal control systems to implement ethical business practices. The internal audit unit formulates relevant audit plans based on the assessment results of dishonest behavior risks and conducts audits to verify compliance with measures to prevent dishonest behavior. Alternatively, external auditors may be engaged to perform such audits. | V | | The company has established effective accounting and internal control systems and has set up an audit unit to schedule audit plans based on risk assessments. Regular audits are conducted to prevent dishonest behavior, and as of now, no instances of violations of ethical business conduct have been identified. | No significant differences. |
| (5) Does the company regularly hold internal and external education and training sessions on ethical business conduct? | V | | The company periodically promotes the importance of ethical business conduct through employee education and training sessions or meetings to prevent any violations of ethical business conduct. | No significant differences. |
| 3. The operation of the company's reporting system (1) Does the company establish specific reporting and reward systems, facilitate reporting channels, and assign appropriate personnel to handle reported cases? | V | | Employees are obligated to report any questions about or instances of unethical behavior to their supervisors. The company has established internal channels such as employee complaint boxes, email, and complaint hotlines, and responsible personnel promptly handle reasonable opinions or suggestions. | No significant differences. |
| (2) Does the company establish standard operating procedures for handling reported incidents, procedures to be followed after investigations are completed, and related confidentiality mechanisms? | V | | The organization and responsibilities of confidentiality mechanisms are already stipulated in the "Code of Ethical Business Conduct" and "Procedures and Guidelines for Ethical Business Conduct" established by the company. | No significant differences. |
| (3) Does the company take measures to protect whistleblowers from retaliation for their reports? | V | | The "Code of Ethical Business Conduct" and "Procedures and Guidelines for Ethical Business Conduct" established by the company already specify that whistleblowers should not face retaliation for their reports. Any reported violations by employees will be investigated, and whistleblowers will be provided with confidentiality and protection measures to prevent unfair retaliation or treatment. | No significant differences. |
| 4. Enhanced Information Disclosure Does the company disclose the content and effectiveness of its established code of ethical conduct on its website and on public information platforms such as the Taiwan Stock Exchange Market Observation Post System? | V | | The company has established a "Code of Ethical Conduct," which is disclosed on the company's official website. A dedicated unit is responsible for promoting policies related to ethical business conduct. | No significant differences. |
| 5. If a company establishes its own code of ethical conduct based on the "Code of Ethical Conduct for Listed and OTC Companies," please describe the differences in operation between its own code and the established | | | | |

| Evaluation Items | Operational Status | | | Differences and Reasons Compared to the Ethical Business Conduct Guidelines of Listed Companies |
|---|--------------------|----|---------------------|---|
| | YES | NO | Summary Explanation | |
| code: : No significant differences. | | | | |
| 6. Other important information contributing to understanding the company's integrity operation includes: the company's review and amendment of its established code of conduct for integrity operation, etc. The company conducts regular internal control self-assessment operations annually to carefully examine the implementation of internal controls, aiming for their effective execution. Significant operational policies, investment projects, acquisitions and disposals of assets, lending of funds to others, and endorsements and guarantees are all disclosed in accordance with relevant laws and regulations. Regular evaluations of relevant business processes are also conducted, and reports are prepared based on compliance assessments. | | | | |

2.3.7 Other Key Information to Enhance Understanding of the Company's Corporate Governance Practices::

Relevant departments of the company regularly engage in thorough communication and discussions with the certified public accountants regarding audit matters related to financial reports and the implementation of internal control systems.

2.3.8 Implementation Status of the Internal Control System, Including the Statement on Internal Control and, if Applicable, the CPA's Special Audit Report on the Internal Control System:

1. Statement on Internal Control: For relevant information, please refer to the announcement of the Internal Control Statement on the Market Observation Post System (MOPS) at <http://mops.twse.com.tw>.
2. CPA's Special Audit Report on the Internal Control System: If a CPA is engaged for a special audit of the internal control system, the relevant audit report can also be found on the MOPS website under the Internal Control Special Audit Report section.

2.3.9 Important resolutions of the shareholders' meeting and the board of directors for the most recent fiscal year and up to the date of the annual report printing:

1. Important resolutions of the Board of Directors:

| Date | Important Resolutions |
|------------|--|
| 2024/01/09 | <ol style="list-style-type: none"> 1. Taishin International Commercial Bank's credit line renewal case. 2. Nominate and decide on candidates for independent directors of the company. 3. Formulate relevant measures for the company's salary and remuneration committee. 4. Formulate relevant measures for the company's audit committee. 5. Formulate the company's "Board of Directors Performance Evaluation Methods". 6. Formulate the company's "Application Procedures for Suspension and Resumption of Over-the-Counter Trading of Emerging Stocks". 7. Formulate the company's "Insider New Appointment (Termination) Information Reporting Procedures" case. 8. Formulate the company's "Corporate Sustainable Development Code of Practice". 9. Formulate the company's "Integrity Management Operating Procedures and Conduct Guidelines". 10. Formulate the remuneration package for the company's directors. |
| 2024/02/05 | <ol style="list-style-type: none"> 1. The election of the Chairman of the Board, submitted for election. 2. Authorize the Chairman to sign academic feedback fund contracts with National Taipei University of Technology and National Yang Ming Chiao Tung University. |
| 2024/02/19 | <ol style="list-style-type: none"> 1. The company applies for stock listing. 2. Handle cash capital increase and issue new shares as a source of shares for public underwriting before listing, and all original shareholders give up subscription. 3. Appointment of members of the company's first salary and remuneration committee. 4. Formulate the company's "Internal Control Related Measures". |

| Date | Important Resolutions |
|------------|--|
| 2024/04/08 | <ol style="list-style-type: none"> 1. 2023 employee remuneration and director and supervisor remuneration distribution case. 2. 2023 annual business report and financial statements case. 3. 2023 Profit Distribution Proposal. 4. Capital reserve allotment case. 5. Revise some articles of the "Articles of Association". 6. The company's 2023 "Effectiveness Assessment of Internal Control System" and "Declaration of Internal Control System" case. 7. Appointment of visa accountant and assessment of independence and competency. 8. Formulate the company's "Internal Control Related Measures". 9. The company evaluates the case of self-preparation of financial reports. 10. The company's appointment of a corporate governance manager. 11. Convene the company's 2023 regular shareholder meeting. |
| 2024/08/08 | <ol style="list-style-type: none"> 1. The Company's consolidated financial statements for the second quarter of 2024. 2. The Company's financial forecast for the third and fourth quarters of 2024. 3. Issuance of the Statement on Internal Control System for the period from July 1, 2023 to June 30, 2024, and the engagement of PwC Taiwan to conduct a special audit of the Company. 4. The Company's self-assessment of corporate governance practices and completion of the Corporate Governance Evaluation Self-Assessment. 5. The Company's engagement of the lead underwriter to conduct over-allotment during the underwriting period. 6. Statement on the Company's capability to independently prepare financial reports. 7. Distribution of 2023 cash remuneration to managers and employees of the Company. 8. Proposal for pre-approval of non-assurance services to be provided by the attesting CPA, their firm, and its affiliates to the Company and its subsidiaries. 9. Renewal of credit facility agreement with CTBC Bank. 10. Cancellation of the Board resolution made on January 27, 2021, regarding the subordination of shareholder claims. |
| 2024/11/14 | <ol style="list-style-type: none"> 1. Proposal for the Company's Consolidated Financial Statements for the Third Quarter of 2024. |
| 2024/11/28 | <ol style="list-style-type: none"> 1. Proposal for the Company's Capital Increase through Issuance of New Shares for Public Offering in Preparation for Initial Listing. 2. Subscription List of Managers for the New Shares Issued through Capital Increase for the Company's Initial Public Offering. |

| Date | Important Resolutions |
|------------|---|
| 2024/12/26 | <ol style="list-style-type: none"> 1. Proposal for the Company's 2025 annual budget. 2. Proposal for the Company's 2025 audit plan. 3. Proposal to establish the "Sustainable Development Committee Charter." 4. Proposal to establish the Company's Sustainable Development Committee and appoint its members. 5. Proposal to establish the "Sustainability Information Management Procedures" of the Company. 6. Proposal to amend the Company's "Corporate Governance Best Practice Principles." 7. Proposal to amend the Company's "Audit Committee Charter." 8. Proposal to amend the Company's "Rules of Procedure for Board Meetings." 9. Proposal to amend certain provisions of the "Internal Control System." 10. Proposal to amend the Company's "Authority Approval Guidelines." 11. Proposal to renew the credit facility agreement with Chang Hwa Commercial Bank. 12. Proposal to distribute year-end bonuses to managerial officers for the year 2024. |
| 2025/03/12 | <ol style="list-style-type: none"> 1. Proposal for the distribution of employee compensation and director remuneration for the year 2024. 2. Proposal for the 2024 business report and financial statements. 3. Proposal for the distribution of earnings for the year 2024. 4. Proposal regarding the definition of "front-line employees." 5. Proposal to amend certain provisions of the "Articles of Incorporation." 6. Proposal to amend certain provisions of the "Procedures for Acquiring or Disposing of Assets." 7. Proposal to amend certain provisions of the "Standard Operating Procedures for Handling Director Requests." 8. Proposal for the Company's 2024 "Internal Control System Effectiveness Evaluation" and "Internal Control System Statement." 9. Proposal for the appointment of the certified public accountant and evaluation of their independence and qualifications. 10. Proposal to not distribute the profits of King Shing Automobile Parts Co., Ltd. group subsidiaries back to the parent company in Taiwan. 11. Proposal to lift the non-compete restrictions on the legal entity director's representative. 12. Proposal to convene the Company's 2025 annual shareholders' meeting. |
| 2025/04/17 | <ol style="list-style-type: none"> 1. To safeguard the Company's credit and shareholders' equity, it is proposed to implement the first buyback of the Company's shares for cancellation. |

2. Important resolutions of the shareholders' meeting:

| Date | Important Resolutions |
|--|---|
| 2024/2/5 The first stock meeting in 2024 | <ol style="list-style-type: none"> 1. Approved the revision of some articles of the "Articles of Association". 2. Passed the amendment of the "Measures for the Election of Directors and Supervisors" and the renaming of the "Methods for the Election of Directors". 3. Approved the revision of some provisions of the "Rules of Procedure for the Shareholders' Meeting". 4. Adopted the revision of some provisions of the "Endorsement Guarantee Operation Procedures". 5. Adopted the revision of some provisions of the "Operational Procedures for Fund Loans to Others". 6. Adopt revisions to some provisions of the "Procedures for Acquisition or Disposal of Assets". 7. Comprehensive re-election of directors. 8. Pass the lifting of non-competition restrictions on new directors and their representatives. |
| 2024/6/28 2024 Annual Shareholders' Meeting | <p>Reports:</p> <ol style="list-style-type: none"> 1. 2023 Business Report. 2. Audit Committee Review Report. 3. 2023 Employee Compensation and Director/Supervisor Remuneration Distribution Report. 4. 2023 Profit and Capital Reserve Cash Dividend Distribution Report. 5. Proposal for the establishment of the Company's "Corporate Sustainability Practice Guidelines." 6. Proposal for the establishment of the Company's "Integrity Management Procedures and Code of Conduct." <p>Matters for Approval:</p> <ol style="list-style-type: none"> 1. 2023 Business Report and Financial Statements. 2. 2023 Profit Distribution Proposal. <p>Matters for Discussion:</p> <ol style="list-style-type: none"> 1. Application for the listing of the Company's shares. 2. Proposal for cash capital increase by issuing new shares for public underwriting before listing, with all existing shareholders waiving their rights to subscribe. 3. Proposal to amend certain provisions of the "Articles of Incorporation." |

2.3.10 For the most recent fiscal year and up to the date of the annual report printing, if any directors or supervisors had dissenting opinions on important resolutions passed by the Board of Directors and such opinions were recorded or issued in written statements, the main content of these dissenting opinions should be listed: None.

2.4 Information on Accounting Fees

2.4.1 Payment amounts for audit fees and non-audit fees to the certifying accountant, their affiliated firm, and related entities, along with the details of non-audit services:

Amount unit: New Taiwan Dollars (NT\$1,000)

| Accounting Firm | Name of CPA | CPA's Audit Period | Audit Fees | Non-Audit Fees | Total | Remark |
|-------------------------------|--------------|-----------------------|------------|----------------|-------|---|
| PricewaterhouseCoopers Taiwan | Lin,Se-Kai | 2024/01/01-2024/12/31 | 2,820 | 1,830 | 4,650 | Initial Public Offering (IPO) related services: NT\$1,680 thousand; Tax certification: NT\$180 thousand |
| | Lin,Chun-Yao | 2024/01/01-2024/12/31 | | | | |

2.4.2 Change of accounting firm and decrease in audit fees paid in the year of change compared to the previous year: None.

2.4.3 Audit fees decreased by more than 10% compared to the previous year: None

2.5 Information on accountant changes: Not applicable.

2.6 The company's chairman, general manager, or managers responsible for financial or accounting affairs who have worked at the certifying accountant's firm or its related entities in the past year: Not applicable.

2.7 Changes in equity transfers and pledges of directors, supervisors, managers, and shareholders holding more than 10% of shares in the most recent year and up to the date of the annual report publication.

2.7.1 Changes in the equity of directors, supervisors, managers and shareholders holding more than 10% of the shares: For more information, please refer to the Summary of Shareholding Changes of Directors, Supervisors, Executive Officers, and Shareholders Holding More Than 10% available on the Market Observation Post System (MOPS) at <http://mops.twse.com.tw>.

2.7.2 Information on directors, supervisors, managers and shareholders who hold more than 10% of the shares and the parties to the equity transfer are related parties:

April 27, 2025; Unit: NT\$; thousand shares

| Name | Reasons for equity transfer | Transaction date | Transaction counterparty | The relationship between the transaction counterparty and the company, directors, supervisors, managers and shareholders holding more than 10% of the shares | Number of shares | Trading price |
|-----------------|-----------------------------|------------------|--------------------------|--|------------------|----------------|
| Shih, Chun-Chin | Gift | 2024/3/28 | Shih, Meng-Chin | The children of the company's corporate director representative, manager, and chairman. | 353 | not applicable |
| Shih, Chun-Chin | Gift | 2024/3/28 | Shih, Meng-Hsin | The children of the company's chairman. | 353 | not applicable |
| Shih, Chun-Chin | Gift | 2024/3/28 | Shih, YI-TAI | The children of the company's chairman. | 353 | not applicable |
| Shih, Meng-Chin | Received as a gift. | 2024/3/28 | Hsieh, Yu-Yun (note 1) | The spouse of the company's supervisor and the company's chairman. | 319 | not applicable |
| Shih, Meng-Hsin | Received as a gift. | 2024/3/28 | Hsieh, Yu-Yun (note 1) | The spouse of the company's supervisor and the company's chairman. | 319 | not applicable |

Note 1: Supervisor Yuyun Xie resigned on February 4, 2024.

2.7.3 Information on directors, supervisors, managers and shareholders holding more than 10% of the shares pledged as related parties: None

2.8 Related Party Relationship among TSMC's 10 Largest Shareholders

March 29, 2025; Unit: Thousand shares; %

| Name | Shares Held | | Shares Held by Spouse & Minors | | Shares Held in the Name of Others | | Name and Relationship between TSMC's Shareholders | | Remark |
|------------------------------------|-------------|-------|--------------------------------|---|-----------------------------------|-------|---|------------------------|--------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| QLAO ZHONG INVESTMENT CO., LTD. | 11,033 | 16.72 | — | — | — | — | Shih, Chun-Chin | The company's Chairman | — |
| Representative: Shih, Chun-Chin | 8,577 | 13.00 | — | — | 11,383 | 17.25 | QLAO ZHONG INVESTMENT CO., LTD. | The company's Chairman | — |
| | | | | | | | Shih, YI-TAI | Father and son | — |
| | | | | | | | Shih, Meng-Hsin | Father and Daughter | — |
| Shih, Chun-Chin | 8,577 | 13.00 | — | — | 11,383 | 17.25 | QLAO ZHONG INVESTMENT CO., LTD. | The company's Chairman | — |
| | | | | | | | Shih, YI-TAI | Father and son | — |
| | | | | | | | Shih, Meng-Chin | Father and Daughter | — |

| Name | Shares Held | | Shares Held by Spouse & Minors | | Shares Held in the Name of Others | | Name and Relationship between TSMC's Shareholders | | Remark |
|---|-------------|-------|--------------------------------|-------|-----------------------------------|------|---|--------------------------|--------|
| | Shares | % | Shares | % | Shares | % | Name | Relationship | |
| Ku, Chi-Hui | 7,477 | 11.33 | — | — | 3,723 | 5.64 | Ku, Ying-Chen | Sister and Brother | — |
| | | | | | | | Shao, Zhong-Ping | Spouses of Sisters | — |
| | | | | | | | CHU YUN CO., LTD. | The company's Chairman | — |
| Ku, Ying-Chen | 7,476 | 11.33 | — | — | — | — | Ku, Chi-Hui | Sister and Brother | — |
| | | | | | | | SHENG JI CHANG INTERNATIONAL CO., LTD. | The company's Supervisor | — |
| | | | | | | | Shao, Zhong-Ping | Spouse | — |
| SHENG JI CHANG INTERNATIONAL CO., LTD. | 3,870 | 5.86 | — | — | — | — | Shao, Zhong-Ping | The company's Chairman | — |
| | | | | | | | Ku, Ying-Chen | The company's Supervisor | — |
| Representative: Shao, Zhong-Ping | — | — | 7,476 | 11.33 | 3,870 | 5.86 | SHENG JI CHANG INTERNATIONAL CO., LTD. | The company's Chairman | — |
| | | | | | | | Ku, Chi-Hui | Spouse's Brother | — |
| | | | | | | | Ku, Ying-Chen | Spouse | — |
| CHU YUN CO., LTD. | 3,723 | 5.64 | — | — | — | — | Ku, Chi-Hui | The company's Chairman | — |
| Representative: Ku, Chi-Hui | 7,477 | 11.33 | — | — | 3,723 | 5.64 | CHU YUN CO., LTD. | The company's Chairman | — |
| | | | | | | | Ku, Ying-Chen | Sisters | — |
| | | | | | | | Shao, Zhong-Ping | Spouses of Sisters | — |
| ishuo Asia One Investment Co., Ltd. | 2,900 | 4.39 | — | — | — | — | — | — | — |
| Legal Representative : Zheng, Dun-Qian | — | — | — | — | — | — | — | — | — |
| Nengsu Asia Capital Co., Ltd. | 2,083 | 3.16 | — | — | — | — | — | — | — |
| Legal Representative : Excelsior Capital Management Co., Ltd. | — | — | — | — | — | — | — | — | — |
| Shih, YI-TAI | 1,322 | 2.00 | — | — | 691 | 1.05 | Shih, Chun-Chin | Father and Daughter | — |
| | | | | | | | Shih, Meng-Hsin | sister and brother | — |
| Shih, Meng-Hsin | 1,277 | 1.93 | — | — | 682 | 1.03 | Shih, Chun-Chin | Father and Daughter | — |
| | | | | | | | Shih, YI-TAI | sister and brother | — |

2.9 The number of shares held by the company, its directors, supervisors, managers, and businesses directly or indirectly controlled by the company in the same invested enterprise, and the comprehensive shareholding ratio calculated by consolidation.

March 31, 2025; Unit: shares; %

| Reinvestment business (note) | Investment by the Company | | Direct or indirect control of Directors, Supervisors, or Managers | | Combined Investment | |
|---|------------------------------|--------|--|---|------------------------|--------|
| | Shares | % | Shares | % | Shares | % |
| KING SHING AUTOMOBILE PARTS Co., Ltd. | 439,998 | 100.00 | 2 | — | 440,000 | 100.00 |

Note: This is an investment made by the Company using the equity method.

III 、Fund-raising situation

3.1 Capital and shares

3.1.1 Source of capital

1. Equity formation process

April 27, 2025 ; Unit: thousand shares; New Taiwan Dollars (NTD) thousand.

| Date | Issue Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---------|----------------|---------------------|---------|---------------------|---------|---|--|--------|
| | | Number of shares | Amount | Number of shares | Amount | Source of capital | Those who use non-cash assets to pay for shares | Others |
| 1989.03 | 10 | 150 | 1,500 | 150 | 1,500 | Initial Cash Registration: 1,500 thousand NTD | None | Note 1 |
| 2010.09 | 10 | 20,000 | 200,000 | 200,000 | 200,000 | Cash Capital Increase: 198,500 thousand NTD | None | Note 2 |
| 2013.07 | 10 | 30,000 | 300,000 | 30,000 | 300,000 | Cash Capital Increase: 100,000 thousand NTD | None | Note 3 |
| 2019.07 | 10 | 60,000 | 600,000 | 30,000 | 300,000 | Increase in Authorized Capital in Articles of Incorporation | None | Note 4 |
| 2021.10 | 30 | 60,000 | 600,000 | 51,186 | 511,860 | Cash Capital Increase: 146,900 thousand NTD Debt-to-Equity Swap: 64,960 thousand NTD | Debt (Note 10) | Note 5 |

| Date | Issue Price | Authorized Capital | | Paid-in Capital | | Remarks | | |
|---------|-------------|--------------------|---------|------------------|---------|---|---|--------|
| | | Number of shares | Amount | Number of shares | Amount | Source of capital | Those who use non-cash assets to pay for shares | Others |
| 2022.08 | 10 | 80,000 | 800,000 | 51,186 | 511,860 | Increase in Authorized Capital in Articles of Incorporation | None | Note 6 |
| 2023.10 | 10 | 80,000 | 800,000 | 57,100 | 571,000 | Employee Stock Option Certificates Converted to New Shares: 59,140 thousand NTD | None | Note 7 |
| 2023.11 | 35 | 80,000 | 800,000 | 60,000 | 600,000 | Cash Capital Increase: 29,000 thousand NTD | None | Note 8 |
| 2025.02 | 40 | 80,000 | 800,000 | 66,000 | 660,000 | Cash Capital Increase: 60,000 thousand NTD | None | Note 9 |

Note 1: Taiwan Provincial Government Construction Department, March 28, 1989, Document No. 142374

Note 2: Taipei County Government, September 2, 2010, Document No. 0993153081

Note 3: Ministry of Economic Affairs, July 31, 2013, Document No. 10233768980

Note 4: Taoyuan City Government, July 11, 2019, Document No. 10890941020

Note 5: Ministry of Economic Affairs, October 12, 2021, Document No. 11001173420

Note 6: Ministry of Economic Affairs, August 10, 2022, Document No. 11101155400

Note 7: Ministry of Economic Affairs, October 5, 2023, Document No. 11230187480

Note 8: Ministry of Economic Affairs, November 29, 2023, Document No. 11230222650

Note 9: Ministry of Economic Affairs, February 07, 2025, Document No. 11430009680

Note 10: This pertains to the company's purchase of Sanxia Plant debt converted into equity.

2. Types of Shares

April 27, 2025 ; Unit: thousand shares

| Types \ Shares | Authorized Capital | | | Remarks |
|----------------|--------------------|-----------------|--------------|---|
| | Outstanding Shares | Unissued Shares | Total Shares | |
| Common Stock | 66,000 | 14,000 | 80,000 | the stock of this company is listed on the Stock Exchange |

3.1.2 Main Shareholders List: Names, Shareholdings, and Percentages of Shareholders with Ownership of Five Percent or More or Ranked Among the Top Ten Shareholders by Shareholding Percentage.

March 29, 2025 ; Unit: People ; Thousand Shares ; %

| Main Shareholder Names | Shareholding Holding Shares | Holding Percentage (%) |
|--|-----------------------------|------------------------|
| QLAO ZHONG INVESTMENT CO., LTD. | 11,033 | 16.72 |
| Shih, Chun-Chin | 8,577 | 13.00 |
| Ku, Chi-Hui | 7,477 | 11.33 |
| Ku, Ying-Chen | 7,476 | 11.33 |
| SHENG JI CHANG INTERNATIONAL CO., LTD. | 3,870 | 5.86 |
| CHU YUN CO., LTD. | 3,723 | 5.64 |
| Yishuo Asia One Investment Co., Ltd. | 2,900 | 4.39 |
| Nengsu Asia Capital Co., Ltd. | 2,083 | 3.16 |
| Shih, YI-TAI | 1,322 | 2.00 |
| Shih, Meng-Hsin | 1,277 | 1.93 |

3.1.3 Dividend Policy and Implementation Status of the Company

1. Dividend Policy as Stipulated in the Articles of Association

If the company has surplus in its annual financial statements, it shall first set aside taxes and offset accumulated losses, then allocate ten percent as statutory surplus reserves. However, when the statutory surplus reserves reach the paid-in capital, this limit does not apply. Additionally, according to laws or regulations of the competent authority, after setting aside or reversing special surplus reserves, the remaining balance may be added to undistributed profits from the beginning of the period as distributable profits. The board of directors may propose the distribution of dividends, capital surplus, or all or part of the statutory surplus reserves for cash distribution, after which it shall be reported to the shareholders' meeting.

The company is currently in a growth stage. Regarding the policy of distributing dividends to shareholders, the allocation of accumulated distributable profits for dividends should consider factors such as the company's current and future investment environment, capital needs, domestic and international competitive conditions, and capital budgeting, while balancing shareholder interests and long-term financial planning of the company. Among the dividends distributed for the year, at least ten percent shall be allocated as cash dividends. However, the board of directors may adjust this ratio based on the overall operational situation at the time and seek approval from the shareholders' meeting.

2. Dividend distribution situation resolved by the board of directors this year

The board of directors passed a resolution on March 12, 2025, to distribute cash dividends of 2 yuan.

3. Explanation of Significant Changes in Expected Dividend Policy: None.

3.1.4 Impact of Proposed Bonus Shares on Company Performance and Earnings per Share at this Shareholders' Meeting

There is no proposal for bonus shares in the company's fiscal year 2024, so this does not apply.

3.1.5 Remuneration for Employees, Directors, and Supervisors

1. The percentage or range of remuneration for employees, directors, and supervisors as stipulated in the company's articles of incorporation are as follows:

If the company is profitable for the fiscal year, it shall allocate no less than one percent for employee remuneration and no more than five percent for director and supervisor remuneration. However, when the company has accumulated losses, it should reserve an amount for offsetting these losses in advance.

Employee remuneration as mentioned above can be paid in the form of stocks or cash, and the recipients may include employees of controlling or subsidiary companies who meet certain conditions, which are determined by the board of directors. The aforementioned actions should be carried out based on a resolution passed by two-thirds or more of the directors present at the board meeting, with a majority agreeing, and reported to the shareholders' meeting.

2. The basis for estimating the amount of remuneration for employees, directors, and supervisors for this period, the calculation basis for employee remuneration distributed in the form of stocks, and the accounting treatment for any differences between the estimated and actual amounts are as follows:

The estimated amount of remuneration for employees, directors, and supervisors is determined based on the current period's pre-tax net income and the percentage stipulated in the company's articles of incorporation. This amount is recognized as salary expense. If, in the future, the actual distribution amount decided by the shareholders' meeting differs from the estimated amount, the difference will be accounted for as a change in accounting estimate and recognized in the profit or loss of the year in which the actual distribution occurs.

3. Approval of remuneration distribution by the board of directors:

(1) The amount of employee remuneration, director, and supervisor remuneration distributed in cash or stocks. If there are differences from the estimated amount recognized as expenses for the year, the differences, reasons, and treatment should be disclosed.

The board of directors of our company resolved on March 12, 2025, to distribute employee remuneration for the fiscal year 2024 amounting to 1,961 million, all of

which was paid in cash. Director and supervisor remuneration was not distributed, and there were no differences from the estimated amount.

- (2) The proportion of employee remuneration distributed in the form of stocks to the total net profit after tax for the period and the total amount of employee remuneration: There is no such situation.

4. Actual distribution of remuneration for employees, directors, and supervisors in the previous fiscal year (including distribution of shares, amounts, and share prices), any differences from the recognized remuneration for employees, directors, and supervisors should be explained, including the differences, reasons, and handling.

In the fiscal year 2023, our company distributed employee remuneration in cash amounting to 1,660 thousand, and director and supervisor remuneration was not distributed, with no differences from the estimated amounts.

3.1.6 Repurchase of company shares: None.

3.2 Handling of corporate bonds (including overseas corporate bonds): None

3.3 Handling of preferred shares: None.

3.4 Participation in the issuance of overseas depositary receipts: None.

3.5 Handling of employee stock options: None.

3.6 Handling of new shares with restricted employee rights: None.

3.7 Handling of mergers or acquisitions of shares from other companies and issuance of new shares: None

3.8 Implementation of capital utilization plan: The information disclosed by the filer on the Market Observation Post System (MOPS) can be referenced through the index of information available in the annual report(<http://mops.twse.com.tw>).

IV 、Operating Overview

4.1 Business Content

4.1.1 Business Scope

1. Main Business Content

| Serial Number | Code | Business Information |
|---------------|---------|---|
| 1 | CD01030 | Automobile and parts manufacturing industry |
| 2 | CD01040 | Motorcycle and parts manufacturing industry |
| 3 | CD01050 | Bicycle and parts manufacturing industry |
| 4 | CA02060 | Metal container manufacturing industry |
| 5 | CC01030 | Electrical and audiovisual electronics product manufacturing industry |
| 6 | CC01080 | Electronic components manufacturing industry |
| 7 | F401010 | International trade industry |
| 8 | ZZ99999 | In addition to licensed business, may engage in business not prohibited or restricted by law Business Proportion |

2. Operating Proportion

Unit: New Taiwan Dollars thousand; %

| Year Product Categories | 2023 | | 2024 | |
|-------------------------------|-----------------------|----------------|-----------------------|----------------|
| | Net Operating Revenue | Percentage (%) | Net Operating Revenue | Percentage (%) |
| Fan category | 694,805 | 67.25 | 756,534 | 69.72 |
| Blower | 240,307 | 23.26 | 213,750 | 19.70 |
| Others (Note) | 98,061 | 9.49 | 114,844 | 10.58 |
| Total | 1,033,173 | 100.00 | 1,085,128 | 100.00 |

Note: Includes air hoods, timing covers, and accessories, etc.

3. Product Items and Newly Developed Products

(1) Current Product (Service) Items of the Company

| Main Products | Key Uses |
|---------------|---|
| Fan Category | <p>The motor fan used in automotive cooling systems is primarily applied to engine and motor cooling, assisting in timely cooling of components around the combustion chamber (such as cylinder liners, cylinder heads, and valves).</p> <p>The automotive cooling system consists of a radiator, thermostat, water pump, cylinder water passages, cylinder head water passages, and fan. The radiator is oriented vertically to the air and is responsible for cooling the circulating water. Our company's motor fan draws air through the radiator and blows it towards the engine, reducing the temperature of the hot water in the radiator. This process ensures appropriate cooling of the engine and surrounding components, achieving high cooling efficiency.</p> |
| Blower | <p>The fan motor used in automotive heating and air conditioning systems is composed of an electric motor, air filter, body, air chamber, base, and oil dropper. The blower relies on the eccentric rotation of the rotor offset inside the cylinder to operate, causing volume changes between the blades in the rotor slot to draw in, compress, and discharge air. Simultaneously, it prevents gas backflow in the cylinder, introduces external air into the vehicle, passes it through the circulation heater and evaporator, allowing the air to be heated or cooled, and distributes the airflow into the cabin to enhance driving comfort.</p> |
| Elevator | <p>The car door component for the window glass lifting motion is a specialized part for adjusting the opening size of the window glass, ensuring smooth operation of window glass lifting.</p> |
| Air Hood | <p>When paired with a motor fan, it ensures that airflow passes through the cooling radiator effectively, facilitating concentrated cooling.</p> |
| Timing Cover | <p>Typically, closely integrated with oil seals, it is installed inside the cylinder crankshaft and camshaft, primarily serving to protect belts from damage.</p> |

(2) Newly Developed Products (Services) in Development

Continuously launching aftermarket cooling fan products suitable for new car models from car manufacturers and prioritizing the development resources for brushless motor fans to meet market demands as traditional motor fans gradually transition to brushless motor fans. In anticipation of the widespread adoption of electric vehicles in the future, actively expanding product line coverage to seize market opportunities.

4.1.2 Industry Overview

1. Current Status and Development of the Industry

(1) Automotive Parts and Components Industry

From an industrial structure perspective, the automotive parts industry forms a typical midstream structure, with the vehicle manufacturing industry, particularly the automobile assembly plants, as the core of the industry. Automobile manufacturers primarily procure directly from first-tier suppliers, who are responsible for system integration. These first-tier suppliers (system manufacturers) then purchase components from second-tier suppliers (component suppliers), while third-tier suppliers (raw material suppliers) provide the necessary raw materials. The upstream and downstream relationships among suppliers are stable, and they are interconnected through information systems. As a result, the automotive industry is relatively closed, making it challenging to easily penetrate its supply chain.

Taiwan's automotive industry has undergone years of development, leading to significant advancements in technology. As a result, the automotive parts industry has grown in tandem. Due to the wide variety of automotive components and Taiwan's niche in small-batch, diverse, and flexible manufacturing, the industry has continued to invest in research and development and enhance production technologies. Taiwanese automotive parts manufacturers have gained international competitiveness and are now exporting their products. According to data from the Taiwan Automotive Industry Association, in 2023, Taiwan's automotive parts export value reached NT\$225.4 billion, with the United States being the largest export market, accounting for NT\$114.5 billion, or 50.81%. Japan ranked second with an export value of NT\$12.8 billion, or 5.70%, while Mexico ranked third with an export value of NT\$8.5 billion, or 3.81%.

The economic situation in Taiwan in 2023 was relatively optimistic, with a strong domestic investment atmosphere. The Taiwan stock market index remained at high levels, and wealthier individuals maintained a stable willingness to purchase vehicles. Additionally, issues in the automotive supply chain showed significant improvement, with car manufacturers gaining better control over short-supply parts and being able to launch a variety of new vehicle models. This contributed to driving domestic sales momentum for Taiwan's automotive parts and vehicle manufacturing industries.

As for overseas markets, the demand for electric vehicles in the United States increased, supported by the IRA (Inflation Reduction Act), which in turn boosted visibility for orders from Taiwanese electric vehicle component suppliers. Moreover, abnormal weather conditions in North America, along with the gradual impact of State Farm's expanded recognition of non-original parts (After Market; AM) claims, led to increased production capacity utilization for domestic collision parts manufacturers. This also contributed to the continued growth of the operational momentum of related companies.

Overall, due to the strong domestic sales performance of automotive parts and the continued strength in overseas orders, the sales value of Taiwan's automotive parts and vehicle manufacturing industries in 2023 showed a slight increase of 3.22% compared to 2022.

Overview of Production, Sales, and Inventory Values in Taiwan's Automotive Parts and Vehicle Manufacturing Industry.

單位：百萬元、%

| | 2019 年 | 2020 年 | 2021 年 | 2022 年 | 2023 年 |
|------------------|---------|---------|---------|---------|---------|
| Production Value | 241,582 | 225,832 | 263,098 | 279,221 | 284,325 |
| YOY | 0.21 | -6.52 | 16.50 | 6.13 | 1.83 |
| Sales Value | 268,422 | 249,021 | 284,930 | 304,434 | 314,240 |
| YOY | -0.52 | -7.23 | 14.42 | 6.84 | 3.22 |
| Inventory Value | 15,950 | 16,211 | 19,159 | 22,422 | 22,716 |
| YOY | 9.51 | 1.63 | 18.19 | 17.03 | 1.31 |

資料來源：經濟部統計處工業生產統計資料磁帶，台經院產經資料庫整理(2024 年 3 月)

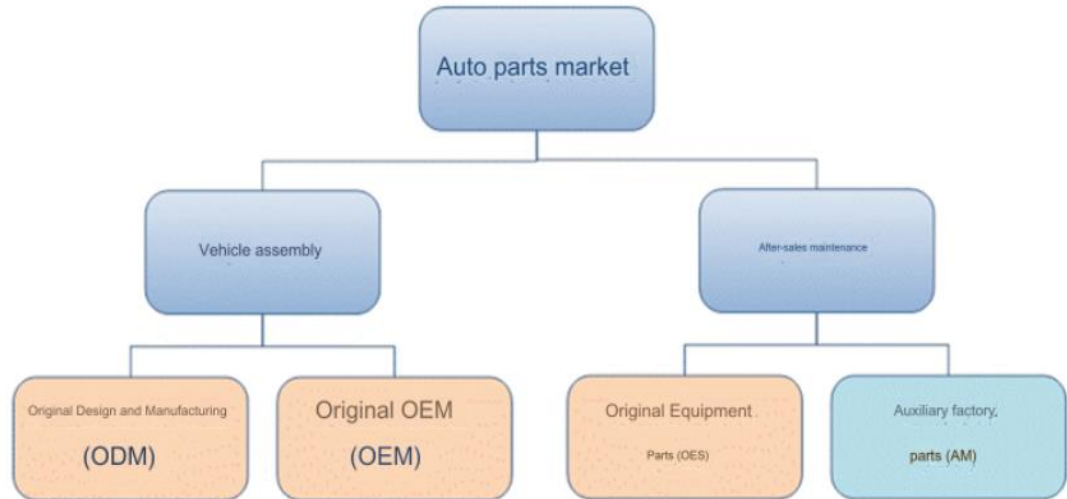
Unit: Million Units

Source: Industrial Production Statistics Data Tape, Department of Statistics, Ministry of Economic Affairs, compiled by the Taiwan Institute of Economic Research (TIER) Economic Data Database. 2024/3

(2) Automotive Parts Market Applications

The automotive parts industry is mainly divided into two market segments based on market characteristics: Original Design Manufacturing (ODM) and Original Equipment Manufacturing (OEM). Both are used for new vehicles as genuine parts. For after-sales service, there are Original Equipment Service (OES) parts and After Market (AM) parts, which are used for vehicle repairs after some period of use. These parts are available for replacement and can be chosen by the vehicle owner during maintenance.

Automotive Components Market

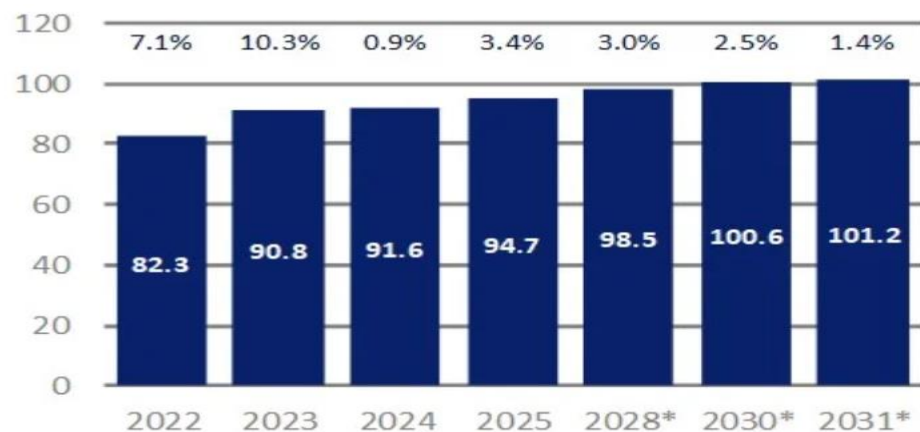


Source: Industrial Production Statistics Data Tape, Department of Statistics, Ministry of Economic Affairs

A. Vehicle Assembly Market

According to the 2024 statistical report by the Global Automotive Industry Platform and the Vehicle Research and Testing Center, from January to May 2024, the global automotive market achieved a sales volume of 35.66 million vehicles, marking a 3% growth compared to the same period in 2023. Additionally, according to LMC Automotive's statistics on global automotive production and annual growth rates from 2022 to 2031, global automotive production in 2023 reached 90.8 million vehicles, reflecting a 10.3% annual growth, showing a significant increase compared to 2022. It is projected that global automotive production will reach 91.6 million vehicles in 2024, with a 0.9% annual growth, continuing to grow until 2031, when it is expected to reach 101.2 million vehicles. Overall, global automotive production is expected to maintain steady growth every year starting from 2024.

Global Automotive Production and Annual Growth Rate from 2022 to 2031



Unit: Million units

Source: LMC Automotive

B. The overview of the Automotive Aftermarket (AM)

Cars experience accelerated depreciation due to frequent daily use, leading to wear and tear and creating a demand for replacement parts. Car manufacturers typically provide warranties for non-consumable parts for two to three years. After the warranty period, the demand for components with longer replacement cycles due to wear and tear is not very high. As a result, OEMs do not maintain excessive inventory. This situation has led to the development of the aftermarket (AM) repair market and the Original Equipment Supplier (OES) business model.

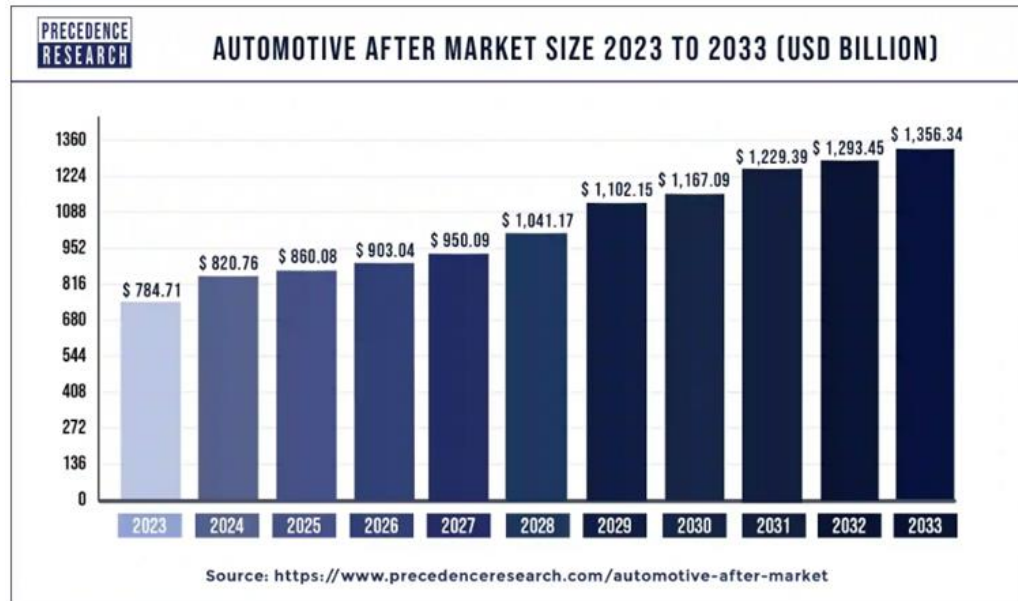
In the OES model, the OEMs retain core technology and outsource the production of components to OES factories to meet their needs. OES factories primarily produce a limited variety of components in large quantities. Although the products from OES factories command higher prices in the market, the profit margins for OES factories are relatively low. This is because their products must go through OEMs and distribution channels, leading to compressed profit margins from the perspective of OES factories.

The AM model, on the other hand, is designed to meet the diverse demands of various vehicle models in the market. It involves developing molds independently to diversify products, which are then directly supplied to repair shops or distributors. Therefore, the profit margin space in the AM model is higher compared to OES factories.

Due to the limited scale of Taiwan's automotive market, a small number of vehicle models, and constraints from foreign parent companies' technology, production and manufacturing lack economies of scale, which restricts the ability of parts manufacturers to align with vehicle assembly. As a result, domestic automotive parts manufacturers are export-oriented, focusing primarily on the international after-sales service market. Taiwan's automotive parts, particularly in the field of collision-related components, have shown remarkable performance and have developed numerous proprietary brands.

The demand in the automotive repair market is influenced in the short term by factors such as climate changes (seasons) and natural disasters, and in the long term by the global vehicle ownership. According to the research report from Japan's Global Information, global vehicle ownership continues to grow steadily each year. It grew from USD 352.39 billion in 2022 to USD 411.81 billion in 2023, and is expected to reach USD 727.99 billion by 2027, with a compound annual growth rate (CAGR) of 15.3%. According to data from research firm Precedence Research, the global AM market value is projected to reach \$1.36 trillion by 2033.

Global AM Market Value Forecast



Data source: Precedence Research

2. Relationship Between Upstream, Midstream, and Downstream Industries

Automotive components primarily supply replacement parts for the automotive manufacturing and repair industries. These components can be categorized into metal and non-metal parts, covering a wide range of industries, including petrochemical, glass, steel, rubber, electrical, and electronics industries. Our company specializes in the design and manufacturing of automotive thermal management products for the aftermarket (AM). When new vehicle models are launched, we start the research and design of motors, fans, circuit boards, and related molds. Our subsidiary in Thailand produces motor bodies, frames, blades, and shafts and then packaging and shipping the final products.

The relationships between upstream, midstream, and downstream industries in the automotive components sector are illustrated as follows:



3. Product Development Trends

(1) Enhancing Automotive Thermal Management Technology

Automotive power systems are divided into gasoline engines and transmission systems. To improve the overall efficiency of the power system, it is necessary to enhance combustion efficiency, reduce mechanical thermal losses, and maintain the power system's operation within a high-efficiency range. As the central hub of the automotive industry chain, the thermal management industry regulates the vehicle's heat to keep each component operating within its optimal temperature range. This approach enhances the energy-saving technology of automotive engine power systems, making it a key focus for future research and development.

(2) Joining the Electric Vehicle (EV) Component Supply Chain

Due to the global development trend towards electric vehicles, especially with the European Union governments reaching an agreement in June 2022 to cease sales of new fuel vehicles by 2035, the development of electric vehicles and the emphasis on lightweight components have accelerated. Automotive component manufacturers benefit from the advantage of producing in small quantities with a variety of products and flexible manufacturing capabilities. Coupled with their core competitiveness in high quality and high added value, some automotive component manufacturers have successfully entered the supply chains of electric vehicle manufacturers. It is expected that more automotive component suppliers will actively strive to join the electric vehicle supply chain in the future.

(3) Increasing Product Diversity

As the global automotive market continues to seek expansion opportunities, the emerging markets such as China, India, and ASEAN are showing great development potential. These regions are experiencing rising consumer purchasing power and economic growth. However, consumers in emerging markets are highly price-sensitive and demand high-quality products at affordable prices. This requires automakers to increase product diversity to meet market demand and focus on localizing components and achieving economies of scale to reduce costs. Therefore, to align with the market direction of automakers, component suppliers must simultaneously enhance product diversity and competitiveness.

4. Competitive Landscape

Taiwan's automotive components are primarily for export, with the U.S. market being the most important. In 2022, exports of automotive components to the U.S. accounted for 55% of the total. The automobile insurance coverage rate in the U.S. is as high as 90%, which means that most repair costs are covered or reimbursed by insurance companies when repairs are needed. Consequently, original equipment manufacturer (OEM) parts are often chosen. According to the TTR Taiwan Trend Research report on the development trends of the automotive and parts manufacturing industry (May 2023), aftermarket (AM) parts account for only about 14%. However, in recent years, U.S. insurance companies have started offering more affordable AM parts policies, providing consumers with more options. This

move is expected to accelerate the development of Taiwan's automotive components industry in the U.S. market.

Furthermore, international automakers are currently undergoing a transition to electric vehicles, and related supply chains are actively investing in the research and development and manufacturing of electric vehicle components. To reduce the supply cost of parts for used vehicle repairs, international automakers are placing greater emphasis on Taiwan's automotive components supply chain system. Taiwanese manufacturers possess high-quality management capabilities, enabling flexible production in small quantities and diverse varieties. As a result, OEM and OES production orders are increasingly being directed towards Taiwan's AM suppliers. This shift presents an opportunity for Taiwanese automotive component manufacturers to transition and integrate into the supply chains of international automakers.

Changes in the Import Amounts and Proportions of Taiwan's Six Major Automotive Component Systems and Subsystems

Unit: Billion New Taiwan Dollars (NTD)

| sort | After joining the WTO in 2003 | | | Year 2009 <small>After the financial tsunami</small> | | | Global <small>vehicle sales peak in 2018</small> | | | 2022 so far | | |
|---------------|----------------------------------|-------|-----|---|-------|-------------------|---|-----|-------------|----------------|-----|--|
| 1 | USA | 450 | 34% | USA | 542 | 37% United States | 1,005 | 45% | USA | 1,328 | 55% | |
| 2 | Hongkong | 128 | 10% | Japan | 104 | 7% Japan | 144 | 6% | Japan | 119 | 5% | |
| 3 | Japan | 93 | 7% | China | 73 | 5% China | 108 | 5% | China | 89 | 4% | |
| 4 | China | 77 | 6% | Germany | 43 | 3% UK | 66 | 3% | Mexico | 76 | 3% | |
| 5 | U.K. | 35 | 3% | Australia | 43 | 3% Germany | 66 | 3% | Germany | 68 | 3% | |
| 6 | Germany | 32 | 2% | U.K. | 37 | 2% Mexico | 61 | 3% | UK | 56 | 2% | |
| 7 | Canada | 32 | 2% | Italy | 37 | 2% Netherlands | 57 | 3% | Australia | 56 | 2% | |
| 8 | Australia | 29 | 2% | Canada | 35 | 2% Canada | 55 | 2% | Italy | 53 | 2% | |
| 9 | Italy | 26 | 2% | Netherlands | 29 | 2% Italy | 50 | 2% | Canada | 50 | 2% | |
| 10 | Vietnam | 26 | 2% | Thailand | 27 | 2% Australia | 49 | 2% | Netherlands | 41 | 2% | |
| other | | 394 | 30% | | 511 | 34% | 576 | 26% | | 457 | 19% | |
| total exports | | 1,321 | | | 1,481 | | 2,236 | | | 2,395 | | |

Source: IEK (September 7, 2023)

In 2023, our company's product exports to North America accounted for approximately 76.48% of our total revenue. Our product lines include more than 6,000 items, with over 3,100 types of cooling motor fans. Each year, we develop approximately 150-200 new products to meet market demands (new models or facelifts) and continuously create molds to cover all mainstream vehicle models and some non-mainstream models on the market. This includes vehicles that have been in circulation for 5-20 years, as well as the latest sedans, hybrid cars, and electric vehicles. Our company has the technology and specifications to promptly launch corresponding products. This not only meets customers' one-stop procurement needs but also increases customer loyalty and dependence. Even if competitors adopt low-price strategies, it is difficult for them to match our comprehensive product line. Additionally, our company has developed a keen sensitivity to market demand and, with many years of investment in brushless motor technology, we have mastered the processing of electronic signals for brushless motors. In recent years, our products have integrated Lin Bus and sensor-less communication

technologies, making them suitable for the latest vehicle models, including electric vehicles.

In conclusion, the automotive aftermarket maintenance sector has high entry barriers. Long-term accumulation of technology, experience, and mold inventory are the key factors contributing to our company's leading position in the automotive aftermarket fan market.

Regarding R&D talent, in response to the increasing prevalence of electronic control components in recent years, our R&D department has recruited professionals specializing in electronics. We have developed the capability to independently develop and design electronic communication signal connections. This allows us to quickly communicate product specifications with customers, maintaining strong relationships and trust. Consequently, the resources invested by both parties can be utilized to their maximum potential.

4.1.3 Technology and R&D Overview

1. Technical Level and R&D of Business Operations

Our company specializes in the production of automotive radiator fans and blowers for automotive air conditioning systems. Our products not only meet international standards in terms of performance, efficiency, noise, and vibration required by leading automotive manufacturers but also integrate motor, electronic control, and electronic technology to adapt to the era of electric vehicles. To maintain our technological development capabilities in line with market demand, we have experimental testing equipment for trial production stages, conduct simulations of harsh environments, and verify the durability of our products. We strive for excellence in producing high-quality products. Our company's technical level and research and development are as follows:

- (1) Familiar with future main products in the market, including Brushless DC Motors and the Lin Bus (Local Interconnect Network) communication protocol, the research and development department has an electronic control unit and actively recruits electronic and electrical engineering professionals. Through collaboration with IC chip suppliers, the company has achieved independent design, testing, and manufacturing capabilities.
- (2) The company has complete mold development and manufacturing capabilities, from drawing design to mold production and modification. With its in-house mold workshop, it can address various requirements for different vehicle models, ensuring that products meet high cost-effectiveness and precision standards. This strengthens its competitive advantage in the market.
- (3) The production mode is highly flexible, with processes including plastic injection molding, metal stamping, CNC (Computer Numerical Control), shaft grinding, rotor winding, and packaging box production. The self-production rate of product materials exceeds 80%, and the supply chain system has been in place for many years. This setup allows for a small quantity of diverse products, enabling agile production scheduling to meet customer sales demands.

- (4) The company has obtained quality certifications such as IATF 16949, ISO 9001, ISO 14001, ISO 45001, and CE, among others. These certifications ensure that the produced products meet customers' requirements for quality, technical standards, and safety regulations.

2. R&D Personnel and Their Education and Experience

Unit: people

| Educational Background | 2023 | | 2024 | | March 31, 2025 | |
|------------------------------------|-----------|----------|-----------|----------|----------------|----------|
| | headcount | Ratio(%) | headcount | Ratio(%) | headcount | Ratio(%) |
| Master's degree and above | 1 | 4 | 2 | 7 | 2 | 7 |
| Bachelor's degree (college degree) | 17 | 68 | 21 | 75 | 20 | 74 |
| Below High school degree | 7 | 28 | 5 | 18 | 5 | 19 |
| Total | 25 | 100 | 28 | 100 | 27 | 100 |

3. Annual R&D Expenditure Over the Past Five Years

Unit: Thousands of New Taiwan Dollars (NTD); %

| Year Item | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------|---------|---------|---------|-----------|-----------|
| R&D Expenditure | 22,430 | 24,214 | 22,771 | 25,895 | 26,808 |
| Net operating revenue | 886,059 | 822,114 | 940,201 | 1,033,173 | 1,085,128 |
| Proportion (%) | 2.53 | 2.95 | 2.42 | 2.51 | 2.47 |

4. Technologies or Products Successfully Developed Over the Past Five Years

| Year | Research and Development Achievements | Description of Content | Product Application Categories |
|------|---------------------------------------|---|---|
| 2018 | Brushless Blower | Innovative motor structure designs enable the motor to operate within a wider range of speeds, offering higher efficiency, performance, and extended lifespan compared to traditional brushed motors. | Automotive HVAC Air Supply, Industrial Equipment, Home Appliance Applications |

| Year | Research and Development Achievements | Description of Content | Product Application Categories |
|------|---|--|--|
| 2019 | Lin Bus Brushless Blower | Transfer data between the Electronic Control Unit (ECU) and the vehicle using stable and fast digital data instead of analog voltage signals. | Automotive HVAC Air Supply |
| 2020 | Lin bus Brushless Cooling Fan | | Automotive Cooling Fan |
| 2021 | Fan Controller Module Automated Testing Platform | Introducing automated testing technology for products can enhance overall R&D development efficiency and accuracy while reducing quality control manpower. | Overall Products of Our Company |
| 2022 | Electric Vehicle Sensor (Sensor less) Brushless Motor | By not using Hall sensors to control brushless motors, it is possible to make the motors thinner and more compact. | Automotive Industry, Industrial Equipment, Home Appliance Applications |
| 2023 | Brushed Controller Modularization | The electronic packaging module using metal circuit films provides the necessary electronic circuits for controlling brushed motors, facilitating the flow of charges, and interconnecting with printed circuit boards to control the various operating modes of the motor during use. | Automotive Industry, Industrial Equipment, Home Appliance Applications |
| 2024 | Brushless Controller Modularization | The electronic packaging module using metal circuit sheets provides the current flow and connects to the printed circuit board, forming the necessary electronic circuits for controlling a brushless motor. These circuits regulate the motor's operational modes during use. | Automotive Industry, Industrial Equipment, Home Appliance Applications |

4.1.4 Long/Short-term development plan

1. Short-term development plan

- (1) Our company has been investing in the research and development of brushless DC motors and Lin Bus communication protocol technology for many years. In line

with the current trends in new gasoline vehicles, hybrid electric vehicles and electric vehicles, we have been gradually upgrading to brushless motor fans. Our company will continue to focus on promoting these types of products.

- (2) Our company builds upon a solid foundation in the aftermarket (AM) repair market for cooling fans and expands horizontally into different vehicle types such as refrigerated trucks, logistics vehicles, trucks, and tour buses. We are also actively developing Original equipment manufacturer (OE) and the Original Equipment Suppliers (OES) market for aftermarket services, leveraging our resources and accumulated experience to maximize benefits.

2. Long-term development plan

- (1) The European Commission has mandated that starting from 2030, the carbon dioxide emissions from newly sold vehicles must be reduced by 55% compared to 2021 levels. By 2035, all newly sold vehicles must have zero carbon emissions, marking the implementation of a comprehensive policy to promote the sales of electric vehicles.

As a result, our company will accelerate the research, development, and manufacturing of electric vehicle products. We will also comprehensively enhance the precision of our technology and production processes. Additionally, we will expand our range of electric vehicle cooling products across multiple brands to increase our product coverage in the electric vehicle market and meet the growing market demand.

- (2) Actively engage with automotive manufacturers (OEM/ODM) or system integrators to assess the feasibility of manufacturing and applying other accessories for electric vehicles, thereby expanding our business scope.
- (3) Positioning in the global market to diversify our company's revenue contribution from the North American and European markets. Effectively adjust production plans, scheduling, and operational cycles. We will also actively adjust our product structure, introducing more advanced technologies and materials to meet market demand. This will enhance our company's added value within the supply chain, laying the foundation for future growth trends and moving toward sustainable business operations.
- (4) In future development, the company will adhere to the principles of sustainable development and actively promote green energy and carbon management plans. Our Thailand factory has already taken the lead in using green energy—solar power—and has completed a carbon inventory, successfully passing ISO14064-1 verification. This not only demonstrates our commitment to environmental protection but also helps build a strong corporate image. Currently, our Taiwan factory is also conducting a carbon inventory and implementing a solar power generation project. We aim to complete these initiatives soon and proceed with the next steps in our carbon reduction plans. Through these efforts, we are committed to building a more environmentally friendly, innovative, and responsible corporate image, ensuring that we maintain a competitive edge in the future.

4.2 Market and Sales Overview

4.2.1 Market Analysis

1. Sales (Provision) Regions of Main Commodities (Services)

Unit: New Taiwan Dollars (NTD) Thousand ; %

| item \ year | 2023 | | 2024 | |
|---------------|-----------|--------|-----------|--------|
| | Amount | % | Amount | % |
| United States | 790,211 | 76.48 | 840,654 | 77.47 |
| Taiwan | 119,298 | 11.55 | 103,986 | 9.58 |
| Others | 123,664 | 11.97 | 140,488 | 12.95 |
| Total | 1,033,173 | 100.00 | 1,085,128 | 100.00 |

2. Market Share

According to the Ministry of Economic Affairs' Industrial Production, Sales, and Inventory Statistics, Taiwan's sales value of "Other Automotive Parts" is NT\$177,916,511 thousand. Based on our company's 2023 operating revenue of NT\$1,033,173 thousand, our market share is approximately 0.58%.

3. Market Future Supply and Demand Situation and Growth Potential

Our company and its subsidiaries are primarily engaged in the research, development, production, and sales of automotive cooling system fans, motors, and blowers, with a focus on exports to the North American market. According to the Ministry of Economic Affairs' Industrial Production, Sales, and Inventory Statistics, in 2023, Taiwan's production and sales values for "Other Automotive Parts" were NT\$153,430,770 thousand and NT\$177,916,511 thousand, respectively, showing growth of 5.03% and 4.86% compared to 2022.

The United States is the largest export market for Taiwan's automotive parts. In 2023, the supply and demand in the U.S. automotive market both increased, driving higher imports of automotive parts. Additionally, the rising demand for autonomous transportation in the region has strengthened the willingness to replenish inventories in the aftermarket sector. Moreover, the abnormal climate in North America and the gradual impact of State Farm's expanded recognition of non-original parts (After Market; AM) claims have also contributed to growth in the industry. As a result, the import value of automotive parts in the U.S. increased by 3.27% in 2023 compared to 2022. Looking ahead to 2024, with the improving global economic situation and stable consumer vehicle purchasing intentions, the global vehicle fleet is expected to continue growing, which will likely support steady demand for automotive parts in overseas markets.

4. Competitive Advantage

(1) Diversified Product Range, Covering Products for Mainstream Brands in the Market

Our company primarily sells automotive products such as cooling fans and blowers, which are used in engine cooling and air conditioning systems. Our product line covers various sedan and heavy-duty truck models from globally renowned automotive manufacturers, as well as popular and high market share models. To meet the trends and market demands in the automotive industry, we continuously expand our product line to offer a wider selection of high-quality products.

Compared to the demand from automotive and system manufacturers, the aftermarket focuses more on the completeness of the product range rather than the scale of individual items. In response, our company adopts a strategy of offering a diverse range of products in small quantities, with flexible production and delivery schedules adjusted according to lead times. Customers can place short- to medium-term orders based on market and inventory planning. We also adjust product quality and compatibility to accommodate changes in market demand.

(2) Self-developed Design Products

Our company provides a variety of products such as radiator fans and blower motors for various car models in the aftermarket maintenance market. While maintaining the specifications and characteristics of the original manufacturer's products, our research and development team integrates and summarizes data and specifications from various car models during the product development stage. We then redesign products with compatibility and interchangeability in mind, thereby balancing the performance and efficiency of each original manufacturer's products. This approach allows us to streamline the production process for a large number of products and modularize our product line to achieve optimal production efficiency and resource allocation. Leveraging over 30 years of development and manufacturing experience, our company is adept at flexibly adjusting product designs and modifications according to customer needs.

(3) One-Stop Production Process

Our company adopts a comprehensive production process from the initial product design, including product drawing and mold design, which are completed in our research and development department. Subsequently, our subsidiary in Thailand provides a complete production process, including early-stage mold manufacturing and modification, plastic injection molding, metal stamping, motor winding, fan assembly, and even cardboard packaging, all completed in-house. In response to urgent orders from customers, we can adjust production schedules in real-time with flexibility. With a high level of in-house production, our company can control product quality and meet production deadlines effectively.

(4) With over 20 years of deep-rooted presence in Thailand, our management efficiency in the Thai factory is outstanding.

Our subsidiary in Thailand was established as our main production base in the year

2005. Over the years, it has achieved a high level of familiarity with local workflows and efficiency in capacity management. Long-term coordination with our Taiwan headquarters has enabled smooth progress in mold development, production, assembly, and final packaging and shipment.

Located in Chonburi Province, our Thai subsidiary is situated in a cluster of renowned automotive manufacturers and suppliers in Asia. This area hosts factories from China, Japan, Taiwan, and other countries, making it a strategic location near the automotive component supply chain. This proximity not only facilitates our OEM business development but also positions our Thai factory to potentially benefit from the shift in manufacturing orders from China due to trade tensions between China and the US in recent years. Thus, our Thai factory enjoys a significant geographical advantage.

- (5) Proficient in future market leaders, including brushless fan motors and Lin Bus (Local Interconnect Network) communication protocol products.

Our company has been dedicated to the research and development of brushless fan motors and their Lin Bus (Local Interconnect Network) communication protocol products for over 10 years. We focus on the development of low power consumption, low noise, low vibration, and lightweight brushless fan motor products. Over 300 types of products have been released across various automotive markets, including Europe, the U.S., Japan, and South Korea. We have successfully mastered the electronic signal processing of brushless motors. In recent years, our products have integrated Lin Bus and sensorless communication technology, making them compatible with the latest vehicle models, including electric vehicles.

5. Favorable and Unfavorable Factors for Development Outlook and Response Strategies

(1) Favorable Factors

- A. The global GDP growth in 2024 shows a significant improvement, and the public's willingness to purchase vehicles remains steady, which is conducive to an increase in vehicle ownership.

Given the gradual recovery of the global economy, which is expected to drive a stabilization in end-user demand, the Taiwan Institute of Economic Research (TIER) forecasts a stronger global GDP growth of 3.1% in 2024. As a result, in a more optimistic economic environment and with improved consumer sentiment, the public's willingness to purchase vehicles is expected to remain steady. This will contribute to the continued growth of global vehicle ownership, providing support for the demand in the automotive aftermarket, thereby benefiting Taiwan's automotive parts and body manufacturing industries.

- B. Advanced Internet Information: With the proliferation of internet connectivity and readily available information, our products benefit from increased visibility and acceptance among consumers.

In recent years, consumers have easy access to information about automotive components online, including their functions, installation methods, maintenance

techniques, and cost-effectiveness. When it comes to replacing or repairing automotive components, consumers are more willing to consider alternative brands. Additionally, aftermarket components offer competitive pricing compared to relatively expensive original equipment manufacturer (OEM) parts. Moreover, the DIY culture prevalent in garage communities in Europe and the United States encourages the development of the aftermarket maintenance market.

C. Thailand's Prime Location

Global manufacturing is urgently seeking to shift production away from China to emerging markets, with Southeast Asia being the most promising region. Many well-known automotive manufacturers have already entered Thailand, establishing it as a key hub for the automotive industry in Asia. Our company has also been deeply rooted in Thailand, having established a reliable supply chain system in the region. In addition to actively expanding into the domestic market in Thailand, we are also eyeing the market potential of other ASEAN member countries in the future.

D. The largest auto insurance company in the United States has started to expand its coverage to include non-OEM automotive components in their claims processing.

Due to adverse factors such as the pandemic, the Russia-Ukraine conflict, and disruptions in logistics, there has been a shortage of OEM automotive components in the US aftermarket (AM) market. This shortage is particularly significant for collision-related parts, leading to difficulties for individuals to obtain compensation for car repairs. As a result, auto insurance companies have decided to expand their acceptance of claims involving non-OEM automotive components. It is anticipated that this decision will lead to an increase in orders for related parts exported from our country to the AM market in the future.

E. Radiator products have a wide range of applications.

Our radiator fan products are not limited to use in radiator cooling; they also include condenser fans and blower motors. With the advent of the electric vehicle era, condenser fans and blower motors remain essential automotive components. In addition to their use in existing cooling systems, radiator fans can also be applied to other areas such as automotive seats, car fragrances, battery cooling, etc., expanding the range of products for heat dissipation.

F. Diverse Industry Applications and Development

Our company possesses independent research and development capabilities, a mold manufacturing department, and a complete production process system. With these resources, our product offerings are not limited to automotive radiator products. We can horizontally expand into other industries' fan applications, such as electric fan applications and transportation vehicle applications. Moreover, we can vertically extend into related applications, such as mold design and manufacturing, and injection product manufacturing.

(2) Unfavorable Factors and Response Strategies

- A. The impact of rising raw material prices and labor shortages may compel automotive component manufacturers in our country to experience an increase in operating costs.

Due to the sustained high prices of raw materials, automotive component manufacturers in our country, who have limited bargaining power, are facing pressure on procurement costs. This situation is detrimental to maintaining profit margins. Additionally, severe labor shortages are leading to increased wage costs, further exacerbating the situation and forcing companies to contend with continuously rising operating costs.

Response Strategies :

Keep track of the raw material market updates at all times and discuss the supply situation with key suppliers weekly to ensure a secure supply of necessary raw materials for production, reducing the impact of price fluctuations. Additionally, the company plans to position its Thailand factory as the primary production base, benefiting from the comprehensive automotive supply chain and abundant labor resources in the region, which should effectively mitigate the risk of rising operating costs.

- B. Mainland competitors engaging in price competition.

Mainland competitors adopting price-cutting strategies to enter the market, their low-price tactics causing market fluctuations.

Response Strategies:

Our company continuously enhances its research and development capabilities while optimizing and controlling product quality, striving to create differentiation from low-priced products from mainland competitors.

- C. Difficulty in recruiting or developing professional technical talent.

The automotive industry, being relatively closed, coupled with the recent rise of the automotive IoT, has led to automotive components venturing into the electronics domain. This has increased the demand for professionals with expertise in electronics, leading to competition for talent with the electronics industry. Additionally, professionals who have been cultivated within the industry over the long term have become targets for recruitment by other companies. The lack of talent and talent attrition result in losses in terms of time, money, and even lead to technological gaps.

Response Strategies:

Our company's research and development department has been engaged in the study of electronic signals for many years, building upon a solid foundation of experienced personnel and accumulating a vast amount of research and development data. This allows us to mitigate the risk associated with personnel turnover. Additionally, we provide a comfortable working environment, training

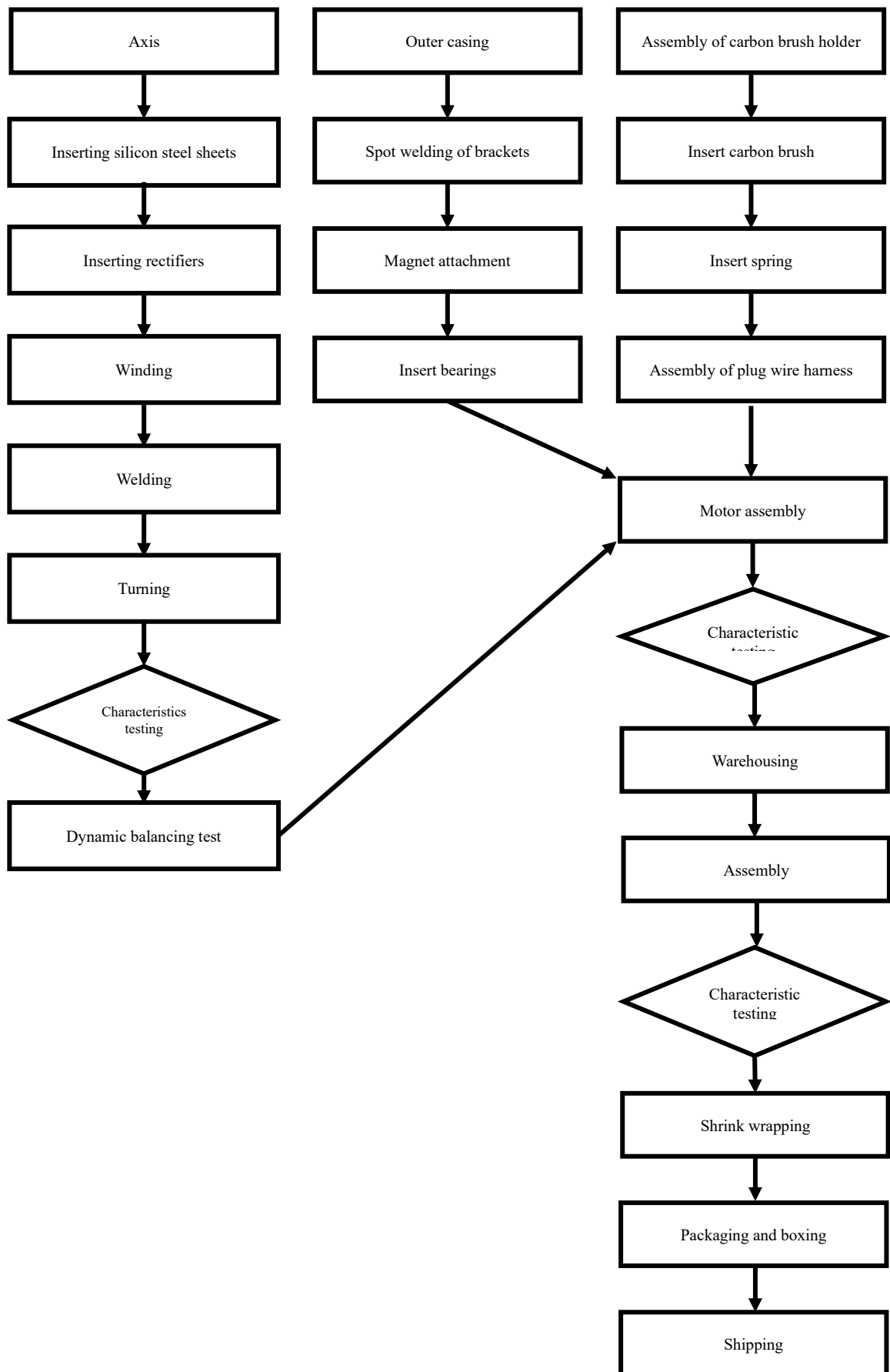
programs, clear pathways for advancement, and incentives such as benefits and stock options to actively retain talent. With these measures in place, we can effectively recruit and sustainably develop our workforce.

4.2.2 Main Uses of Key Products

1. Main Uses of Key Products

| Main Products | Key Uses |
|-----------------|--|
| Fan Type | The motor fan used in automotive cooling systems is primarily applied to engine and radiator cooling, assisting in the timely cooling of components around the combustion chamber (such as cylinder liners, cylinder heads, and valves). |
| Blower | <p>The main purpose of the blower motor is for use in automotive heating, ventilation, and air conditioning (HVAC) systems. The blower motor consists of an electric motor, an air filter, the blower body, an air chamber, a base, and a drip nozzle. The blower motor operates by the eccentric rotation of the rotor located inside the cylinder, causing changes in volume between the blades in the rotor slots to intake, compress, and discharge air while preventing gas backflow in the cylinder.</p> <p>Its function is to draw outside air into the vehicle cabin and pass it through the heater core and evaporator, allowing the air to be warmed or cooled before distributing the airflow throughout the cabin.</p> |
| Elevator | The door accessory responsible for the up-and-down movement of the car window glass in the door system is a specialized component for adjusting the opening size of the car window glass. Its function is to ensure smooth operation of the car window glass, facilitating both opening and closing actions. |
| Air Intake Hood | Its function is to ensure that the fan, combined with the air guide hood, effectively directs airflow through the radiator, facilitating efficient heat dissipation. |
| Timing Cover | It is typically closely integrated with an oil seal and installed within the crankshaft and camshaft in the engine cylinder. Its main function is to protect the belt from damage. |

2. The production process of the product



4.2.3 The supply situation of the main raw materials.

| Name of the raw material | Supply condition |
|--------------------------|-----------------------------|
| Copper wire | Good quality, stable supply |
| Steel plate | Good quality, stable supply |
| Magnet | Good quality, stable supply |
| Cardboard box | Good quality, stable supply |
| Circuit board | Good quality, stable supply |
| Integrated circuit (IC) | Good quality, stable supply |
| Rectifier | Good quality, stable supply |
| Plastic pellets | Good quality, stable supply |
| Aluminum casing | Good quality, stable supply |

4.2.4 Please provide the names of customers who accounted for more than ten percent of our total sales in the past two years, along with their purchasing or sales amounts and the respective percentages. Additionally, please explain the reasons for any changes in their purchasing or sales amounts.

1. In the past two years, neither our company nor any of its subsidiaries have had any supplier whose purchasing amount accounted for more than ten percent of our total purchases. Therefore, we have not disclosed the names, amounts, percentages, or relationships of any specific suppliers.
2. In the past two years, customers whose sales amounts accounted for more than ten percent of our total sales have not been disclosed due to confidentiality reasons. Therefore, we are unable to provide the names, sales amounts, percentages, or reasons for any changes in their sales amounts.

Unit: NTD thousand dollars ; %

| ITEM | 2023 | | | | 2024 | | | |
|------|------------------|-----------|-------------------------|--------------------------|------------------|-----------|-------------------------|--------------------------|
| | Name | Amount | Percentage of Net Sales | Relationship with Issuer | Name | Amount | Percentage of Net Sales | Relationship with Issuer |
| 1 | Company B | 435,494 | 42.15 | — | Company A | 441,934 | 40.73 | — |
| 2 | Company A | 267,220 | 25.86 | — | Company B | 312,376 | 28.79 | — |
| 3 | Others | 330,459 | 31.99 | — | Others | 330,818 | 30.48 | — |
| | Net Sales Amount | 1,033,173 | 100.00 | — | Net Sales Amount | 1,085,128 | 100.00 | — |

Reasons for Changes:

The fluctuations in sales to major customers over the past two years are primarily attributed to factors such as market demand, changes in product specifications, and adjustments in sales strategies.

4.3 The number of employees in the past two years.

Unit : persons ; %

| Year | | 2023 | 2024 | March 31, 2025 |
|---------------------------------|----------------------------|-------|-------|----------------|
| Employee Count | Managerial Level Personnel | 21 | 21 | 21 |
| | Direct Personnel | 485 | 485 | 541 |
| | Indirect Personnel | 293 | 273 | 250 |
| | Total | 799 | 779 | 812 |
| Average Age | | 36.7 | 37.4 | 37.5 |
| Average Years of Service | | 6.7 | 6.9 | 7 |
| Educational Distribution Rate % | Master's Degree | 1.75 | 1.8 | 1.85 |
| | Bachelor's Degree | 14.77 | 16.17 | 13.55 |
| | Associate Degree | 9.76 | 11.94 | 12.93 |
| | High School or Below | 73.72 | 70.09 | 71.67 |

4.4 Environmental expenditure information

4.4.1 Explanation of losses incurred by the company due to environmental pollution (including compensation and results of environmental protection inspections for violations of environmental regulations), for the past two fiscal years up to the publication date of the annual report. This should include details such as the date of penalty, penalty reference number, violated regulations, nature of violation, and penalty imposed. Additionally, disclose current and estimated future amounts along with mitigation measures. If unable to provide a reasonable estimate, provide reasons for the inability to estimate.

4.5 Labor relations

4.5.1 The company's various employee welfare measures, continuing education, training, retirement system, and their implementation status, as well as agreements between labor and management and the situation regarding the protection of various employee rights.

People are the most important asset of the company. We value talent cultivation and career development, planning various training programs, interdisciplinary learning, and second specialty training. We have established a smooth promotion and transfer mechanism, maintaining harmonious and stable labor relations over the long term. We are committed to enhancing employee welfare, benefits, and working environment, and providing diversified communication channels between labor and management, ensuring that the voices of workers are heard.

1. The employee welfare measures and their implementation status.

The company and its subsidiaries comply with the Labor Standards Act of the Republic of China (Taiwan) and relevant regulations of the local government in Thailand. Apart from providing health insurance and labor insurance as required by law, we also offer group insurance for employees and contribute to individual retirement accounts for laborers. This is to ensure employee welfare, and the implementation status is as follows:

- (1) Employees are entitled to statutory annual leave, sick leave, and contributions to retirement funds. Additionally, a staff welfare committee has been established to coordinate employee welfare activities, ensuring the rights and benefits of workers.
- (2) All employees, in addition to participating in labor insurance and national health insurance as required by law, are provided with group annual term life insurance/group multiple coverage accident insurance/group accident medical insurance supplementary clauses, enhancing protection for employees' health and well-being.
- (3) Bonuses for Labor Day, Dragon Boat Festival, Mid-Autumn Festival, year-end banquet, birthdays, etc., along with travel subsidies, occasional afternoon tea events, meal vouchers, and gift distributions, encourage employees to achieve work-life balance and foster camaraderie among colleagues.
- (4) The subsidiary in Thailand also provides additional employee benefits such as AIA savings insurance and occupational accident insurance for high-risk positions, further enhancing the protection of employees' health and well-being.

2. The implementation status of continuing education and training.

In order to enhance employees' professional skills and efficiency in the workplace, and to emphasize the importance of product quality, the company implements an annual education and training plan. Both internal and external training programs are conducted to strengthen the professional capabilities of employees in various functional areas. The implementation status of these education and training programs is as follows:

- (1) Pre-job training for new employees includes courses on the company's corporate culture, business operations, workplace regulations, employee benefits, and disciplinary policies. These training sessions aim to provide new hires with a basic understanding of the company.
- (2) Training for current employees includes both internal and external education programs tailored to meet job requirements.
- (3) Professional skills training involves sending employees to relevant institutions for specialized training, enabling colleagues to acquire professional qualifications.

4. Retirement system and its implementation status.

The company contributes 6% of employees' monthly salaries to their individual retirement accounts managed by the Labor Pension Fund. Employees also have the option to voluntarily contribute an additional 0% to 6% of their monthly salary to their

personal retirement accounts. Retirement benefits are paid out either as monthly annuities or lump-sum payments based on the accumulated balance and earnings in the employee's retirement account. However, employees with less than 15 years of service are eligible for lump-sum payments only.

Moreover, our subsidiary in Thailand calculates retirement benefits in accordance with the provisions of Article 118/1 of the Labor Protection Act set forth by the local government's Department of Labor. These benefits are provided as a lump-sum payment to employees upon retirement.

4.5.2 Over the past two fiscal years up to the publication date of the annual report, the company has not incurred any losses due to labor disputes, including violations of labor regulations resulting from labor inspections. Therefore, there are no records of penalties, violation articles, content of violations, or disciplinary actions. Furthermore, there are no estimates of potential future losses or corresponding measures as there have been no incidents to estimate.

4.6 Information and Communication Technology (ICT) Security Management

4.6.1 Below is the description of our company's information and communication technology (ICT) security categorized into four dimensions: risk management framework, ICT security policy, specific management plans, and allocation of resources for ICT security management:

1. Information and Communication Technology (ICT) Security Risk Management Framework

Our company's management organization for information and communication technology (ICT) security is the Information Center, which falls under the General Manager's Office. Its responsibilities include coordinating, formulating, and implementing relevant ICT security policies and operational procedures.

2. Information and Communication Technology (ICT) Security Policy

Our company's ICT security encompasses network security, external threats, and risks from employee-introduced viruses. We have implemented a three-tier defense mechanism to ensure the smooth operation of operations and technical development.

(1) First Line of Defense: Operational Staff

Information personnel with technical backgrounds, in collaboration with professional network management or cybersecurity firms, establish this layer of defense according to the requirements of the security policy. Standard operating procedures are developed, and daily operational tasks are executed by personnel from the Information Center. The operations team is responsible for installing and configuring system environments.

(2) Second Line of Defense: Security Assessment Personnel

They design and monitor various security policies to ensure the implementation of the first line of defense and its effectiveness in providing protection. Additionally,

they are responsible for deploying relevant control tools and projects.

(3) Third Line of Defense: Internal Audit

They provide independent and objective advice for auditing the first and second lines of defense mechanisms and offer improvement suggestions.

(4) Information Security Risk Management and Improvement Architecture

Every year, our company conducts a reassessment and review of potential information security risks. The Information Department adjusts relevant policies and tasks the operations team with their execution.

3. Specific Management Plans

Our company's ICT security management policy covers the handling of personal information, operational data, and business confidentialities. It undergoes regular checks and is publicly announced to all employees. This management policy is formulated based on regulations governing data security and computer usage. Additionally, our company outsources information services to third-party vendors. Before signing contracts, these vendors undergo investigations into their information security technology to ensure legal protection for both parties in terms of information security and personal data.

(1) Information Security Advocacy

Employees who use the company's network, access files, send and receive emails, and use the ERP system submit permission requests to the Information Department. Subsequently, information security advocacy content is sent via email. After reading, employees sign and return the documents to the Information Department. For the ERP system, passwords are regularly changed, and information security advocacy content is posted on bulletin boards to remind all employees to be vigilant about ICT security.

(2) Device Protection Measures

The information room is equipped with access control measures, including surveillance cameras recording entries and exits as well as changes in the surrounding environment. The temperature is maintained within suitable ranges for server operation. Additionally, a network monitoring system is in place to monitor network status and inspect operation change records, ensuring the ability to audit personnel operations related to information security at any time.

(3) Data Protection Measures

Our company employs firewalls for external network protection and regularly updates antivirus software on them. For our core ERP system, permissions for the operational environment are restricted to designated personnel only. The environment is segmented into development, testing, and production to ensure data accuracy and security. Additionally, our on-site data center performs daily backups, which are also uploaded to the cloud to fulfill the operational requirements for off-site redundancy.

In terms of identity verification for data access, personnel requesting access to internal system databases must submit requests according to the scope of their business needs. Their permissions are then set accordingly, and the reasonableness of account permissions is periodically reviewed. When replacing old servers, data hard drives and other equipment are handled separately. Data hard drives are centrally managed by the Information Department, while servers are handed over to recyclers to avoid concerns about information leakage.

4. Allocation of Resources for ICT Security Management

Our company recognizes the importance of information and communication technology security to our operations. Therefore, we allocate budget annually for activities such as intrusion prevention, antivirus software updates, firewall maintenance, and enhancement of security systems. This budget includes both manpower and equipment resources.

4.6.2 Below are the details of significant information and communication technology security incidents incurred in the past two fiscal years up to the publication date of the annual report, along with potential impacts and response measures. If unable to reasonably estimate, the inability to estimate should be explained.

In the past two fiscal years up to the publication date of this report, our company has not experienced any significant information and communication technology security incidents that would impact the company's finances or normal business operations.

4.7 Key Contracts

| Nature of Contracts | Parties Involved | | Contract Start and End Dates | Main Content | Restrictions and Clauses |
|----------------------|---------------------------------------|---------------------------------|-------------------------------------|--|--------------------------|
| Engineering Contract | KING SHING AUTOMOBILE PARTS CO., LTD. | ENMAX SOLAR 1(EPC)CO., LTD. | 2024.09.23~ Warranty Period Expires | Solar Panel Roof Installation Project | — |
| Financing Contract | KING SHING INDUSTRIAL CO., LTD. | Chang Hwa Commercial Bank, Ltd. | 2025.01.01~ 2025.12.31 | General Working Capital Loan Agreement | — |
| Financing Contract | KING SHING INDUSTRIAL CO., LTD. | CTBC Bank Co., Ltd | 2024.09.01~ 2025.08.31 | Bank Credit Comprehensive Limit Agreement and General Contract | — |

V Analysis of Financial Position, Performance and Risk related Issues

5.1 Comparative Analysis of Financial Position : The main reasons for the significant changes in assets, liabilities and equity in the last two years and their impact. If the impact is significant, the future response plan should be stated.

Unit: NT\$ thousand;%

| Item \ Year | 2023 | 2024 | Difference | |
|--|-----------|-----------|------------|--------|
| | | | Amount | % |
| Current Assets | 996,797 | 1,054,852 | 58,055 | 5.82 |
| Net property, Plant and Equipment | 909,411 | 929,400 | 19,989 | 2.20 |
| Intangible Assets | 11,072 | 10,448 | (624) | (5.64) |
| Other Assets | 24,844 | 34,147 | 9,303 | 37.45 |
| Total Assets | 1,942,124 | 2,028,847 | 86,723 | 4.47 |
| Current Liabilities | 358,264 | 331,801 | (26,463) | (7.39) |
| Non-current Liabilities | 24,364 | 29,437 | 5,073 | 20.82 |
| Total Liabilities | 382,628 | 361,238 | (21,390) | (5.59) |
| Share Capital | 600,000 | 600,000 | — | — |
| Capital Surplus | 606,111 | 573,711 | (32,400) | (5.35) |
| Retained Earnings | 400,708 | 502,580 | 101,872 | 25.42 |
| Other Equity Interests | (47,323) | (8,682) | 38,641 | 81.65 |
| Non-Controlling Interests | — | — | — | — |
| Total Equity | 1,559,496 | 1,667,609 | 108,113 | 6.93 |
| Main Reasons and Impacts of Significant Changes (Changes of 20% or More and Amounts Exceeding NTD 10 Million) in Assets, Liabilities, and Equity in the Last Two Years; Future Response Plans if Impacts are Significant | | | | |
| 1. Main Reasons and Impacts of Significant Changes: | | | | |
| (1) Retained Earnings: This is mainly attributed to the company's stable operations and continuous performance growth. | | | | |
| (2) Other Equity Interests: This is mainly attributed to the exchange differences arising from the translation of the financial statements of the Thai subsidiary. | | | | |
| 2. Future Response Plans if Impacts are Significant: | | | | |
| The aforementioned changes have no significant adverse impact on the Company, and the overall performance of the Company shows no major abnormalities. Therefore, there is no need to formulate a response plan. | | | | |

5.2 Comparative Analysis of Financial Performance : The main reasons for the significant changes in operating income, operating net profit and pre-tax net profit in the past two years, as well as the expected sales volume and their basis, the possible impact on the company's future financial business and corresponding plans.

Unit: NT\$ thousand;%

| Item \ Year | 2023 | 2024 | Difference | |
|---|-----------|-----------|------------|---------|
| | | | Amount | % |
| Operating revenue | 1,033,173 | 1,085,128 | 51,955 | 5.03 |
| Operating Cost | (729,082) | (736,227) | (7,145) | 0.98 |
| Gross Profit from Operations | 304,091 | 348,901 | 44,810 | 14.74 |
| Operating expenses | (156,079) | (179,172) | (23,093) | 14.80 |
| Net Operating Income | 148,012 | 169,729 | 21,717 | 14.67 |
| Non-Operating Income and Expenses | 16,727 | 27,898 | 11,171 | 66.78 |
| Profit (Loss) from Continuing operations Before Tax | 164,739 | 197,627 | 32,888 | 19.96 |
| Income tax expense | (38,726) | (31,626) | 7,100 | (18.33) |
| Net income for the period | 126,013 | 166,001 | 39,988 | 31.73 |
| Other comprehensive income, net | 5,150 | 41,232 | 36,082 | 700.62 |
| Total comprehensive income | 131,163 | 207,233 | 76,070 | 58.00 |
| Main Reasons for Significant Changes (Changes of 20% or More and Amounts Exceeding NTD 10 Million) in Operating Revenue, Operating Profit, and Pre-Tax Profit in the Last Two Years; Estimated Sales Volume and Basis, Possible Impact on the Company's Future Financial Business, and Response Plans | | | | |
| 1. Main Reasons and Impacts of Significant Changes: | | | | |
| (1) Non-Operating Income and Expenses: This is due to the appreciation of the US dollar, resulting in an increase in exchange gains from US dollar assets. | | | | |
| (2) Net income for the period: This is due to the company's stable operations and continuous performance growth. | | | | |
| (3) Other comprehensive income, net: This is due to the increase in exchange differences arising from the translation of the financial statements of foreign operating entities. | | | | |
| (4) Total comprehensive income: This is due to the company's stable operations and continuous performance growth, along with the increase in exchange differences arising from the translation of the financial statements of foreign operating entities. | | | | |
| 2. Estimated Sales Volume and Basis, Possible Impact on the Company's Future Financial Business, and Response Plans: | | | | |
| As the company has not prepared and announced financial forecasts, the estimated sales volume and basis are not applicable. Additionally, the company's financial position remains sound with no liquidity issues, and there are no significant abnormalities in overall operational performance. Therefore, there is no need to formulate a response plan. | | | | |

5.3 Cash Flow Analysis : Analysis and explanation of cash flow changes in the most recent year, improvement plan for insufficient liquidity, and cash liquidity analysis for the next year.

5.3.1 Analysis of cash flow changes in the most recent year

Unit: NT\$ thousand

| Item \ Year | 2023 | 2024 | Difference | |
|--|----------|-----------|------------|----------|
| | | | Amount | % |
| Operating Activities | 196,464 | 238,548 | 42,084 | 21.42 |
| Investment activities | 51,333 | (99,992) | (151,325) | (294.79) |
| Financing activities | (15,220) | (136,966) | (121,746) | (799.91) |
| Main Reasons for Cash Flow Changes in the Most Recent Year: | | | | |
| (1) Operating Activities: This is due to the company's stable operations and continuous performance growth. | | | | |
| (2) Investing Activities: This is due to the decrease in time deposits maturing over three months in 2024, resulting in an increase in net cash outflow from investing activities. | | | | |
| (3) Financing Activities: This is due to the payment of cash dividends amounting to 99,120 thousand yuan and the repayment of bank loans totaling 36,000 thousand yuan in 2024, along with sufficient working capital. As a result of these factors, financing activities are expected to generate a net cash outflow. | | | | |

5.3.2 Liquidity analysis for the coming year(2025)

Unit: NT\$ thousand

| Balance of cash at the beginning of the period① | Cash flow from operating activities of entire year② | Cash flow from Investment activities of entire year③ | Cash flow from Financing activities of entire year④ | Balance of cash at the end of the period ①+②+③+④ | Remedy against cash deficit | |
|--|---|--|---|--|-----------------------------|----------------------|
| | | | | | Investment activities | Financing activities |
| 374,278 | 266,278 | (36,268) | 111,373 | 715,661 | NA | NA |
| 1. Analysis of Cash Flow Changes for the Coming Year: | | | | | | |
| (1) Operating Activities: The company is expected to remain profitable in 2025, with an increase in net income, generating a net cash inflow from operating activities. | | | | | | |
| (2) Investing Activities: Due to the anticipated expansion in business operations in 2025, the company plans to continue acquiring property, plant, and equipment, resulting in a net cash outflow from investing activities. | | | | | | |
| (3) Financing Activities: In 2025, the company expects a net cash inflow from financing activities, mainly due to a capital increase of NT\$249,201 thousand and the payment of cash dividends amounting to NT\$132,000 thousand. | | | | | | |
| 2. Remedial Measures for Expected Cash Shortfall and Liquidity Analysis: None. | | | | | | |

5.3.3 Improvement plan for insufficient liquidity: None.

5.4 Impact of Significant Capital Expenditures on Financial Business in the Most Recent Year: None.

5.5 Investment Policy, Main Reasons for Profits or Losses, Improvement Plans, and Investment Plan for the Coming Year

5.5.1 Investment Policy

The Company's operational objectives focus on expanding core business operations, accelerating product development, and market expansion. In compliance with the "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" issued by the competent authorities, the Company has established "Procedures for the Acquisition or Disposal of Assets" as the basis for conducting investment activities, ensuring proper management of related business and financial conditions. Additionally, to enhance supervision and management of invested companies, the Company has formulated control and management measures for subsidiaries within the internal control system. These measures cover information disclosure, financial management, business operations, inventory, and overall financial management, ensuring the maximum effectiveness of investments.

5.5.2 Investment Policy, Main Reasons for Profits or Losses, Improvement Plans, and Investment Plan for the Coming Year

Unit: NT\$ thousand

| Invested Business | Main Business Activities | Recognized Investment Gains (Losses) in 2024 | Main Reasons for Profits or Losses | Improvement Plans |
|---------------------------------------|--|--|------------------------------------|-------------------|
| KING SHING AUTOMOBILE PARTS CO., LTD. | Manufacturing and Sales of Automotive Components | 41,028 | Operating Profit | None |

5.5.3 Impact of Significant Capital Expenditures on Financial Business in the Most Recent Year: None.

5.6 Risk matters should be analyzed and evaluated for the following matters in the most recent year and as of the date of publication of the annual report.

5.6.1 Effect of Changes in Interest Rate, Foreign Exchange and Inflation on Corporate Finance, and our Countermeasures.

1. Impact of Interest Rate Changes on the Company's Profits and Losses and Future Response Measures

The interest expenses of the Company and its subsidiaries for 2023 and 2024 were NT\$5,556 thousand and NT\$3,162 thousand, respectively, accounting for 0.54% and 0.29% of net operating revenue. The proportions are very low, and the impact on the overall operations of the Company is minimal. Additionally, the Company and its subsidiaries continuously monitor changes in bank financing interest rates and maintain good relationships with financial institutions to accurately grasp future interest rate trends, thereby reducing the impact of interest rate fluctuations on the Company's and

its subsidiaries' profits and losses. Furthermore, the Company and its subsidiaries have stable finances and good credit, with a conservative and prudent approach to financial planning. Therefore, it is expected that future interest rate changes will not have a significant impact on the overall operations of the Company and its subsidiaries.

2. Impact of Exchange Rate Changes on the Company's Profits and Losses and Future Response Measures

The net foreign exchange gains of the Company and its subsidiaries for 2023 and 2024 were NT\$11,310 thousand and NT\$19,156 thousand, respectively, accounting for 1.09% and 1.77% of the annual net operating revenue. The Company and its subsidiaries primarily receive payments in US dollars for exports, while payments for imports are mainly in New Taiwan dollars (TWD) and Thai Baht (THB). The Company and its subsidiaries manage exchange rate risk by collecting information on foreign exchange market movements, maintaining close contact with financial institutions, continuously monitoring, and tracking exchange rate trends, and timely adjusting foreign currency holdings according to business needs to mitigate the risk of exchange rate fluctuations.

3. Impact of Inflation on the Company's Profits and Losses and Future Response Measures

In recent years, inflation has led to an increase in raw material prices. The Company and its subsidiaries will closely monitor global political and economic changes as well as market price trends. We will continuously observe price index fluctuations and inflation conditions worldwide. By maintaining good relationships with suppliers and customers, we can timely address the reasonableness of raw material price fluctuations to mitigate the risk of potential increases in raw material costs in the future.

5.6.2 Policies on High-Risk and High-Leverage Investments, Lending to Others, Endorsements and Guarantees, and Derivative Transactions, as well as Main Reasons for Profits or Losses and Future Response Measures in the Most Recent Year and Up to the Date of the Annual Report's Publication

1. Policies on High-Risk and High-Leverage Investments, Main Reasons for Profits or Losses, and Future Response Measures

The Company and its subsidiaries have not engaged in any high-risk or high-leverage investments in the most recent year and up to the date of the annual report's publication.

2. Policies on Lending Funds to Others, Endorsements and Guarantees, and Derivative Transactions, Main Reasons for Profits or Losses, and Future Response Measures

(1) Lending Funds to Others

The Company and its subsidiaries have not engaged in lending funds to others in the most recent year and up to the date of the annual report's publication. In the future, if there is a business need to do so, it will be executed in accordance with the relevant regulations of the competent authorities and the "Procedures for Lending Funds to Others" established by the Company and its subsidiaries.

(2) Endorsements and Guarantees

The Company and its subsidiaries have not engaged in endorsements and guarantees in the most recent year and up to the date of the annual report's publication. In the future, if there is a business need to do so, it will be executed in accordance with the relevant regulations of the competent authorities and the "Procedures for Endorsements and Guarantees" established by the Company and its subsidiaries.

(3) Derivative Transactions

The Company and its subsidiaries have not engaged in derivative transactions in the most recent year and up to the date of the annual report's publication. In the future, if there is a business need to do so, it will be executed in accordance with the "Procedures for Acquisition or Disposal of Assets" and the "Procedures for Derivative Transactions" as the basis for executing derivative financial transactions.

5.6.3 Future R&D Plans and Estimated R&D Expenditure

1. Future R&D Plans

International car manufacturers are increasingly adopting brushless DC fan motors for cooling systems. Compared to traditional brushed motors, brushless DC motors offer higher efficiency, speed, and dynamic response, as well as significantly reduced electrical noise. Based on our established expertise in electrical engineering, our company has been developing brushless DC motors and their LIN Bus (Local Interconnect Network) technology for over 10 years. The future research and development directions are as follows:

(1) Enhancement of Brushless DC Motor and LIN Bus Technology:

In response to the rise of electric vehicles, our company plans to focus on the development of brushless fan motor products that feature low power consumption, low noise, low vibration, and lightweight design. We have already launched more than 300 types of products for European, American, Japanese, and Korean car models. We will expedite the development of motor fans for various electric vehicle models, while comprehensively improving technology and production precision.

(2) Expansion of Product Specifications for Various Vehicle Types:

Our company has long been dedicated to the motor, electronic control, and electronic technology of automotive cooling system fan motors. In addition to steady growth in the aftermarket (AM), we are actively developing the Original Equipment Suppliers (OES) market. We will continue to invest in the development of products required for different types of vehicles such as logistics vehicles, refrigerated trucks, trucks, and buses, to maximize the economic benefits of our existing R&D data, production experience, and sales channels.

2. Estimated R&D Expenditure

The estimated R&D expenditure will be allocated according to the progress and growth of product development. The R&D expenditure for 2024 is expected to be similar to that of 2023. We plan to continue investing in professional technical personnel, equipment, and new technology development to ensure the company's competitive advantage.

Unit: NTD Thousands; %

| Item \ Year | 2023 | 2024 |
|-----------------------------------|-----------|-----------|
| | | |
| Research and Development Expenses | 25,895 | 26,808 |
| Operating Revenue | 1,033,173 | 1,085,128 |
| Percentage (%) | 2.51 | 2.47 |

5.6.4 Impact of Significant Domestic and International Policies and Legal Changes on the Company's Financial Business and Response Measures in the Most Recent Year and Up to the Date of the Annual Report's Publication

The Company and its subsidiaries conduct their daily operations in accordance with relevant domestic and international laws and regulations, while continuously monitoring policy developments and collecting information on regulatory changes. This information is reported to management and relevant departments to adjust business strategies accordingly. After evaluating the most recent year and up to the date of the annual report's publication, there have been no significant impacts on the Company's financial business due to changes in domestic or international policies and laws.

5.6.5 Impact of Technological Changes (Including Information Security Risks) and Industry Changes on the Company's Financial Business and Response Measures in the Most Recent Year and Up to the Date of the Annual Report's Publication

The Company and its subsidiaries continuously monitor technological changes and developments within the industry. We strive to enhance our R&D and development capabilities in line with industry and market trends, while keeping abreast of industry dynamics and competitor market information. This allows us to assess the impact on our operations and make necessary adjustments to ensure a competitive market advantage. In the most recent year and up to the date of the annual report's publication, technological changes (including information security risks) and industry changes have not had a significant impact on the Company's financial business.

5.6.6 Impact of Corporate Image Changes on Corporate Crisis Management and Response Measures in the Most Recent Year and Up to the Date of the Annual Report's Publication

The Company and its subsidiaries uphold the principles of professionalism and integrity, valuing corporate image and risk management. In the most recent year and up to the date of the annual report's publication, there have been no instances of corporate image changes leading to crisis management situations for the Company.

5.6.7 Expected Benefits, Potential Risks, and Response Measures for Mergers and Acquisitions in the Most Recent Year and Up to the Date of the Annual Report's Publication

The Company has no plans for mergers and acquisitions in the most recent year and up to the date of the annual report's publication. If there are any merger and acquisition plans in the future, they will be executed in accordance with the Company's "Procedures for Acquisition or Disposal of Assets" and relevant regulations, with a prudent evaluation approach to ensure the interests of the Company and its shareholders.

5.6.8 Expected Benefits, Potential Risks, and Response Measures for Plant Expansion in the Most Recent Year and Up to the Date of the Annual Report's Publication : None.

5.6.9 Risks and Response Measures for Concentration in Purchasing or Sales in the Most Recent Year and Up to the Date of the Annual Report's Publication

1. Purchasing

The Company and its subsidiaries maintain cooperation with multiple suppliers for major raw materials, diversifying procurement to reduce the impact of sudden issues with any single supplier. There have been no instances of supply shortages or interruptions affecting production operations, ensuring stable and reliable supply sources.

2. Sales

The primary products of the Company and its subsidiaries are motor fans for automotive cooling systems and blowers for automotive air conditioning systems. We primarily conduct transactions with reputable sales customers, many of whom are publicly listed companies abroad, maintaining good cooperative relationships. The Company adheres to established credit terms and assesses the reasonableness of payment terms, ensuring proper control and management of operational risks. We also plan to continuously develop new customers to diversify revenue sources and reduce the risk of sales concentration.

5.6.10 Impact, Risks, and Response Measures of Significant Transfers or Changes in Equity by Directors, Supervisors, or Major Shareholders Holding More Than 10% of Shares in the Most Recent Year and Up to the Date of the Annual Report's Publication

In the most recent year and up to the date of the annual report's publication, transfers of the Company's shares by directors, supervisors, or major shareholders holding more than 10% of shares were primarily due to their own financial and inheritance planning adjustments. These transfers, aimed at stabilizing board control and complying listing regulations on equity dispersion, are not expected to have significant impacts or risks for the Company.

5.6.11 Impact, Risks, and Response Measures of Changes in Management Rights on the Company : None.

5.6.12 Litigation or non-litigation events should list the major lawsuits that have been decided or are still pending against the company and its directors, supervisors, general managers, substantive persons in charge, major shareholders with a shareholding ratio of more than 10%, and affiliated companies. , non-litigation or administrative disputes, the outcome of which may have a significant impact on shareholders' rights and interests or securities prices, the facts of the dispute, the amount of the subject matter, the start date of the litigation, the main parties involved in the litigation, and the handling of the situation up to the date of publication of the annual report should be disclosed :None.

5.6.13 Other Important Risks and Response Measures : None.

5.7 Other Important Matters: None.

VI 、 Special Provisions

6.1 Related company information: The information disclosed by the declarant on the Public Information Observation Station may be indexed in the annual report for information retrieval.

6.2 Recent and up to the date of printing of the annual report, there have been no private placements of securities.

6.3 Other necessary supplementary explanations: None.

VII 、 If there are events specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that have a significant impact on shareholders' equity or securities prices up to the most recent fiscal year and the publication date of the annual report: None.

KING SHING INDUSTRIAL CO., LTD.

Chairman : Shih, Chun-Chin