



茂訊電腦股份有限公司

MilDef Crete Inc.

2024 Annual Report

Annual report website

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

Mildef Crete Website: <http://www.crete.com.tw>

Published on May 13, 2025

Notice to Reader:

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

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Tel: (02) 2703-5000
Website: <http://www.capital.com.tw>

IV. Latest Annual Financial Report CPAs:

Name of CPAs: Ching-Wen Kao, Tzu-Chieh Tang

Name of CPAs firm: KPMG

Address: 68th Floor, No. 7, Section 5, Xinyi Road, 110615, Xinyi District, Taipei City

Tel: (02) 8101-6666 (Representative No.)

Website: <http://www.kpmg.com.tw>

V. Name of the place of trading in overseas securities and the way of enquiring information of such overseas securities: NIL

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

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Chapter 1 Report to shareholders

Dear shareholders, investors, and distinguished guests:

Greetings! Thank you all for your continued support and attention to Mildef Crete Inc. The year 2024 was a year full of challenges and opportunities. The global economic situation was complex and volatile, and the technology industry, especially the military and PC sectors, encountered new development opportunities. I present to you the Company's performance in 2024, as well as its development strategy for the future.

I Overview of the Top 5 Global Economic Events

In 2024, the global economic environment was affected by several major events, which had a profound impact on various industries, particularly the technology and defense sectors. The following is an overview of the top five global economic events of 2024:

1. Acceleration of Global Supply Chain Restructuring

As geopolitical tensions escalate, the global supply chain continues to undergo further restructuring. Many countries and enterprises have begun to reduce their dependence on a single region (particularly China), and are shifting towards a diversified supply chain layout. This has had a significant impact on the technology manufacturing industry, particularly in the production and supply of computers and electronic products.

2. Intensified U.S.-China Technology Competition

The technological competition between China and the United States escalated further in 2024, particularly in the fields of semiconductors, artificial intelligence, and 5G. The United States continued to tighten export controls on technology to China, while China accelerates its independent research and development efforts, thereby promoting domestic alternatives. This has introduced uncertainty into the global technology supply chain, but also created opportunities for independent innovation.

3. Energy Transition and Green Economy

The issue of global climate change has become increasingly severe, prompting countries to accelerate their energy transitions. In 2024, the green economy emerged as a new driver of global economic growth, particularly in the European and North American markets, where investments in renewable energy, electric vehicles, and sustainable technologies increased significantly. This has introduced new demands for green manufacturing and energy-saving technologies in the computer industry.

4. Global Inflationary Pressures Easing, but Concerns Remain

In 2024, global inflationary pressures eased but did not fully dissipate. Central banks in various countries have remained cautious with their monetary policies, keeping interest rates at elevated levels. This has affected the consumer market, especially as the growth in demand for electronic products has decelerated. Nevertheless, there continues to be robust demand for high-end products and innovative technologies.

5. Geopolitical Conflicts Persist

In 2024, geopolitical issues such as the Russia-Ukraine conflict and the situation in the Middle East continued to escalate, leading to further increases in global defense budgets. This has brought new growth opportunities to the defense industry, particularly in fields such as unmanned aerial vehicle, cybersecurity, and smart weapon systems.

II The overall financial performance of the company in 2024 is as follows:

1. Operating Results

In 2024, the Company's consolidated turnover was NT\$2.85 billion, a decrease of 4.68% compared with NT\$2.99 billion in 2023. The after-tax profit attributable to the parent company was NT\$500 million, representing an increase of 8.70% from NT\$460 million in 2023.

2. Financial revenue and expenditure (consolidated company)

Unit: NT\$1,000

Item	2024	2023	Increase (decrease) ratio (%)
Operation interests	542,476	580,770	(6.59)
Net non-operating income and expenditure	96,974	7,871	1,132.04
Net income before tax	639,450	588,641	8.63
After-tax earnings per share	8.44	7.85	7.52

3. Profitability (consolidated company):

Item		2024	2023
Return on assets (%)		12.89	13.73
Return on shareholders' equity (%)		16.96	18.71
Ratio to paid-in capital (%)	Operation interests	92.44	98.96
	Net income before tax	108.96	100.30
Net profit rate (%)		17.36	15.61
Retroactive adjustment of earnings per share (NT\$)		8.44	7.85

4. Research and development

The R&D expenses in 2024 were NT\$102.7 million, representing an increase of 18.45% as compared with NT\$86.7 million in 2023, which was mainly due to the upgrading of existing model platforms and the development of special models for regional clients. We completed the development of 14 Series and started to prepare products for Android platform. To prepare for the new market, we have invested in R&D and started to develop targeted products for the mining market.

III Development of the Defense Industry

In 2024, the global defense industry encountered new opportunities for development. As geopolitical tensions escalate, national defense budgets of various countries are continuing to increase, particularly due to a significant rise in demand for unmanned aerial vehicles, cybersecurity, and smart weapon systems.

1. Unmanned Aerial Vehicles and Smart Weapon Systems

In 2024, technology of unmanned aerial vehicles has advanced, becoming one of the core component of modern warfare. Mildef Crete Inc. has made significant progress in the development of unmanned aerial vehicles control systems and has established partnerships with several defense clients. We believe that the unmanned aerial vehicles market will continue to expand in the coming years.

2. Cybersecurity and Information Warfare

With the widespread of information warfare, cybersecurity has become a top priority in the defense sector. Mildef Crete Inc. has continuously invested research and development resources to address information security and has successfully developed multiple products aimed at the defense market for information security. These products received multiple defense contracts in 2024, further strengthening our position in the defense market.

3. Digital Transformation in National Defense

The digital transformation of national defense is expected to accelerate in 2024, as military around the world begins to extensively adopt smart devices and information systems. Mildef Crete Inc.'s rugged industrial computers and customized solutions have demonstrated exceptional performance in this sector. In the future, we will continue to increase our investment in R&D to meet the demands of the defense market.

IV Development of the PC Industry

In 2024, after experiencing explosive growth during the pandemic, the PC industry entered a period of adjustment. Market demand has stabilized, but the application of innovative technologies has introduced new drivers of growth for the industry.

1. The Rise of the AI-PC

The widespread adoption of artificial intelligence technology has accelerated the rapid development of AI-PCs. In 2024, Mildef Crete Inc. became the distributor for several models of laptops equipped with AI chips, addressing the market's need for high-performance computing devices. We believe that AI-PCs will emerge as the mainstream product in the future computer market.

2. Green Manufacturing and Sustainable Development

With the growing global focus on environmental protection, green manufacturing has emerged as a significant trend in the computer industry. In 2024, Mildef Crete Inc. further optimized its production processes, reducing energy consumption and waste emissions, and launched several products that meet environmental protection standards. This not only enhances our market competitiveness but also earned the trust of more customers.

3. Supply Chain Optimization and Localization of Production

In response to uncertainties in the global supply chain, Mildef Crete Inc. accelerated the optimization of its supply chain and the layout of the localization of its production in 2024. We have established new production facilities and formed close partnerships with local suppliers. This not only reduces production costs but also enhances the stability of the supply chain.

V Future Development Strategies of the Company, Estimated Sales Quantity, and Basis

1. Continuous Innovation and Investment in Research and Development

We will continue to increase our investment in research and development, particularly in the areas of AI technology, unmanned aerial vehicle control systems, and information security. We believe that maintaining a leading position in the highly competitive market requires continuous innovation.

2. Expanding Global Markets

Mildef Crete Inc. will continue to expand its global market, particularly in Europe, North America, and the Asia-Pacific region. We will further increase our market share through close collaboration with local partners.

3. Improving Customer Service and Product Quality

We will continue to uphold the principle of "Customer First" while enhancing the quality of our products and the level of our services. Only by earning the trust of our customers can we achieve long-term sustainable development.

In summary, we will continue to drive growth momentum and increase sales volume in the coming years.

VI Outlook

In 2024, the global economic landscape remains challenging; however, we are optimistic about the future. Mildef Crete Inc. will continue to uphold a development strategy driven by innovation and focused on quality, actively responding to market changes and seizing new development opportunities. We believe that, with the efforts of all our colleagues, Mildef Crete Inc. will achieve even more remarkable results in the future.

In conclusion, we wish to extend our sincere gratitude to all shareholders, clients, and partners for their ongoing support and trust. We will continue to strive to create greater value for everyone.

Best wishes

Good health and good luck!

Chairman: Shen Yi-Tong

Chapter 2 Corporate Governance Report

I Directors, President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

(I) Director Information:

April 13, 2025

Title	Nationality or place of registration	Name	Gender Age	Election (on board) date	Term of office	Date of initial election	Shares held at the time of election		Number of shares held at present		Shares held by spouses and minor children at present		Holding shares in the name of others		Major experience (education)	At present, the person holds concurrent positions in the Company and other companies	Other department heads, directors or supervisors who has a relationship as a spouse or second-degree relative			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Yi-Tong Shen	Male 71-80 years old	2023.06.14	3	1990.03.15	3,126,244	5.33	3,126,244	5.33	0	0	0	0	Graduated from Taipei Tech Electronic Engineering; Chairman of Macnica Galaxy Inc.	General manager of the Company and Director of Flexbasis Technology	None	None	None	
Director	Republic of China	Nankang Rubber Tire Corp., Ltd.	N/A	2023.06.14	3	1997.01.23	2,150,829	3.67	2,150,829	3.67	0	0	0	0	N/A	N/A	None	None	None	
		Representative: Jun-Ying Lin	Female 41-50 years old	2023.06.14	3	1997.01.23	0	0	0	0	0	0	0	0	Graduated from the Department of Communication of China University of Technology and the Graduate Institute of Johnson & Wales University in the United States; Director of Nankang Rubber Tire Corp., Ltd.	Director of Zhikai Development Co., Ltd., Director of Yuanhong Development Co., Ltd., Director of NanGuan Tire Co., Ltd. and Director of Nanzong Construction Developments, Co., Ltd.	None	None	None	
Director	Republic of China	Ming-Xiao Lu	Male 71-80 years old	2023.06.14	3	2002.06.21	945,563	1.61	945,563	1.61	0	0	0	0	Graduated from Mechanical & Electrical Engineering of National Taipei University of Technology; deputy	Director of Motech Industries Inc.	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Election (on board) date	Term of office	Date of initial election	Shares held at the time of election		Number of shares held at present		Shares held by spouses and minor children at present		Holding shares in the name of others		Major experience (education)	At present, the person holds concurrent positions in the Company and other companies	Other department heads, directors or supervisors who has a relationship as a spouse or second-degree relative			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
															general manager of Yung Loong Engineering CORP.					
Independent director	Republic of China	Yong-Cheng Chun	Male 71-80 years old	2023.06.14	3	2002.06.21	0	0	0	0	0	0	0	0	Master of College of Law and Business at National Chung Hsing University; passed the examination for lawyers and the special examination for magistrates; practicing lawyer of Yong-Cheng Chun Law Firm	Responsible person of Yong-Cheng Chun Law Firm	None	None	None	
Independent director	Republic of China	Jun-Ming Wang	Male 71-80 years old	2023.06.14	3	2003.06.26	0	0	0	0	0	0	0	0	Graduated from the College of Business and Management, Tamkang University; passed the special examination of customs affairs; Customs Administration Ministry of Finance Taipei Customs, finance manager of Easy International Marketing Corporation, chairman and general manager of Precision Mfg. Inc.	Chairman and general manager of Precision Mfg. Inc. and Director of Cancer Prevention and Treatment Foundation	None	None	None	
Independent director	Republic of China	Xiao-Long Feng	Male 71-80 years old	2023.06.14	3	2004.06.28	65,132	0.11	65,132	0.11	0	0	0	0	Graduated from the Collage of Communication of Fu Jen Catholic University and graduated from the 2000 Senior Manager (SMG) class of John F.	Business consultant of Taipei International Community Cultural Foundation, and Director of Yishitang,	None	None	None	

Title	Nationality or place of registration	Name	Gender Age	Election (on board) date	Term of office	Date of initial election	Shares held at the time of election		Number of shares held at present		Shares held by spouses and minor children at present		Holding shares in the name of others		Major experience (education)	At present, the person holds concurrent positions in the Company and other companies	Other department heads, directors or supervisors who has a relationship as a spouse or second-degree relative			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
															Kennedy School of Government, Harvard Kennedy School; reporter of Broadcasting Corporation of China (BCC), interview team leader, general editor and director, manager of news department and director of BCC, spokesman of BCC, director of Satellite Television Broadcasting Association, R.O.C., director of China Journalism Society, part-time lecturer of Department of Radio, Television and Film and Department of Journalism and part-time assistant professor of Shih Hsin University, part-time lecturer of Mass Communication and Department of Journalism of Fu Jen Catholic University.	Keelung City, Taiwan				
Director	Republic of China	Wen-Chun Cai	Female 61-70 years old	2023.06.14	3	2008.06.19	15,139	0.01	15,139	0.03	0	0	0	0	Graduated from Department of Accounting of Hsing Wu University		None	None	None	

◆ Major shareholders of corporate shareholders

March 24, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Nankang Rubber Tire	NanGuan Tire Co., Ltd. (18.18%), Yuanrui Development (8.97%), Yuanhong Development (5.53%), Quanye Investment (4.04%), Zhikai Development (3.78%), Jun-Ying Lin (2.27%), Guoqiang Technology Co., Ltd. (1.21%), Standard Chartered Business Department in custody for Vanguard Total International Stock Index Fund, a Series of Vanguard Star Funds (1.08%), Standard Chartered Business Department in custody for the Vanguard Group's manager, the Vanguard Emerging Markets Stock Index Fund Investment Account (1.02%), and Standard Chartered Business Department in custody for the Advanced Trust Company's corporate complete International Stock Market Index Trust Investment Account (0.61%).

◆ If the major shareholder is a legal person, its major shareholder


March 24, 2025

Name of legal person	Major shareholders of legal person
NanGuan Tire Co., Ltd.	Hengtai Holding 55.56%, Nankang Rubber Tire 20.37%, Chiu Pu Cultural Foundation 22.96%, Chun-Ming Lin 1.11%
Yuanhong Development	Hengtai Holding 99.34%, Zhikai Development 0.35%, Chiu Pu Cultural Foundation 0.21%, Yuanrui Development 0.10%
Zhikai Development	Hengtai Holding 90.70%, Quanye Investment 6.58%, Chiu Pu Cultural Foundation 2.62%, Yuanhong Development 0.10%
Yuanrui Development	Hengtai Holding 72.27%, Chiu Pu Cultural Foundation 24.39%, Jun-Ying Lin 2.05%, Yuanhong Development 0.80%, Quanye Investment 0.49%
Quanye Investment	Hengtai Holding 99.90%, Yuanrui Development 0.10%

◆ Disclosure of professional qualifications of directors and independence of independent directors:

Condition Name	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
Chairman Yi-Tong Shen	<ol style="list-style-type: none"> Chairman of Macnica Galaxy Inc. Have the necessary working experience in business, finance, accounting and company business, and have not been involved in any of the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Not a director or supervisor of the Company or any of its affiliates. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the last two years. Not a spouse or a relative within the second degree of kinship with any Director. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act. 	None
Director Representative of Nankang Rubber Tire: Jun-Ying Lin	<ol style="list-style-type: none"> Director of Nankang Rubber Tire Have the necessary working experience in business, finance, accounting and company business, and have not been involved in any of the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> Not an employee of the Company or its affiliated enterprises. Not a director or supervisor of the Company or any of its affiliates. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items. 	None

<div>Condition</div> <div>Name</div>	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
		5. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares. 6. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company. 7. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company. 8. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the last two years. 9. Not a spouse or a relative within the second degree of kinship with any Director.	
Director Ming-Xiao Lu	1. Deputy general manager of Yung Loong Engineering CORP. 2. Have the necessary working experience in business, finance, accounting and company business, and have not been involved in any of the subparagraphs of Article 30 of the Company Act.	1. Not an employee of the Company or its affiliated enterprises. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items. 4. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act. 5. Not a Director - a member of the governing board or a Director, supervisor, or employee of another	None

<div>Condition</div> <div>Name</div>	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
		<p>company controlled by the same person having a majority of voting shares.</p> <p>6. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company.</p> <p>7. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company.</p> <p>8. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the last two years.</p> <p>9. Not a spouse or a relative within the second degree of kinship with any Director.</p> <p>10. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</p>	
 <p>Independent director Yong-Cheng Chun</p>	<p>1. Passed the examination for lawyers and the special examination for magistrates; practicing lawyer of Yong- Cheng Chun Law Firm</p> <p>2. Professional and technical personnel who have passed the examination of lawyers and magistrates, and work experience required for business, legal affairs, finance, accounting and company business.</p> <p>3. A member of the Audit Committee and the Remuneration Committee</p>	<p>1. Not an employee of the Company or its affiliated enterprises.</p> <p>2. Not a director or supervisor of the Company or any of its affiliates.</p> <p>3. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.</p> <p>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.</p> <p>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total</p>	None

<div>Condition</div> <div>Name</div>	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
	and has no circumstances under Article 30 of the Company Act.	<p>number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act.</p> <p>6. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares.</p> <p>7. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company.</p> <p>8. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company.</p> <p>9. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the last two years.</p> <p>10. Not a spouse or a relative within the second degree of kinship with any Director.</p> <p>11. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</p>	
 <div>Independent director</div>	1. Passed the special examination of customs affairs; Customs Administration Ministry of Finance Taipei Customs, finance manager of Easy International Marketing Corporation, chairman and general	<p>1. Not an employee of the Company or its affiliated enterprises.</p> <p>2. Not a director or supervisor of the Company or any of its affiliates.</p> <p>3. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's</p>	None

<div>Condition</div> <div>Name</div>	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
Jun-Ming Wang	<p>manager of Precision Mfg. Inc.</p> <p>2. Working experience in business, finance, accounting and company business.</p> <p>3. Mr. Jun-Ming Wang is a member of the Audit Committee and the Remuneration Committee and has accounting or financial expertise. He graduated from the College of Business and Management, Tamkang University has worked as a financial manager for many years.</p> <p>4. No any circumstance under Article 30 of the Company Act.</p>	<p>spouse, minor children, or in the name of others.</p> <p>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items.</p> <p>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act.</p> <p>6. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares.</p> <p>7. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company.</p> <p>8. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company.</p> <p>9. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the last two years.</p> <p>10. Not a spouse or a relative within the second degree of kinship with any Director.</p> <p>11. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</p>	

<div>Condition</div> <div>Name</div>	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
 <p>Independent director Xiao-Long Feng</p>	<ol style="list-style-type: none"> Reporter of Broadcasting Corporation of China (BCC), interview team leader, general editor and Director, manager of news department and Director of BCC, spokesman of BCC, Director of Satellite Television Broadcasting Association, R.O.C., Director of China Journalism Society, part-time lecturer of Department of Radio, Television and Film and Department of Journalism and part-time assistant professor of Shih Hsin University, part-time lecturer of Mass Communication and Department of Journalism of Fu Jen Catholic University. Working experience in business, finance, accounting and company business. A member of the Audit Committee and the Remuneration Committee and has no circumstances under Article 30 of the Company Act. 	<ol style="list-style-type: none"> Not an employee of the Company or its affiliated enterprises. Not a director or supervisor of the Company or any of its affiliates. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and 	None

<div>Condition</div> <div>Name</div>	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
		<p>any affiliated company for remuneration from the last two years.</p> <p>10. Not a spouse or a relative within the second degree of kinship with any Director.</p> <p>11. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</p>	
Director Wen-Chun Cai	<ol style="list-style-type: none"> 1. Independent Director of Farcent Enterprise Co., Ltd 2. Have the necessary working experience in business, finance, accounting and company business, and have not been involved in any of the subparagraphs of Article 30 of the Company Act. 	<ol style="list-style-type: none"> 1. Not an employee of the Company or its affiliated enterprises. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act. 6. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares. 7. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company. 	None

Name \ Condition	Professional qualifications and experience	Independence	Number of Independent Directors concurrently serving in other public companies
		8. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company. 9. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the last two years. 10. Not a spouse or a relative within the second degree of kinship with any Director. 11. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.	

Note: The reasons, rationale, necessity, and corresponding measures for the Chairman and General manager, or an equivalent position in top management, being held by the same person:

The chairman and general manager of the Company are the same person, both of whom are Mr. Yi-Tong Shen. Mr. Yi-Tong Shen is the founder of the Company and also the general manager of the Company for several years. Under his leadership, the Company has made great achievements.

Response measures-

1. Increase the Number of Independent Directors: An additional independent director will be elected at the shareholders' meeting in 2025.
2. There are other functional committees - such as Remuneration Committee and Audit Committee
3. None of the members of the Board of Directors of the Company are spouses or first-degree relatives of each other. Except for Chairman Shen, other directors do not concurrently serve as employees or managers of the Company

◆ Diversity and independence of the Board of Directors:

* Board diversity:

The Company advocates and respects the diversification policy of Directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, it is believed that the

diversification policy will help to improve the overall performance of the Company. Members of the Board of Directors are selected based on the principle of talents, and have multiple complementary abilities in cross industry fields, including basic composition (such as age, gender, nationality, etc.), industrial experience and relevant skills (such as finance and accounting, legal affairs, information technology and public welfare undertakings), as well as business judgment, operation management, leadership decision-making and crisis management. In order to strengthen the functions of the Board of Directors and achieve the ideal goal of corporate governance, Article 20 of the Company's code of practice on corporate governance stipulates that the overall capabilities of the Board of Directors are as follows: 1. Business judgment 2. Accounting and financial analysis ability 3. Operation and management ability 4. Crisis handling capacity 5. Industrial knowledge 6. International market view 7. Leadership 8. Decision making ability. Currently, the representation of directors of different genders in the Company is below one-third. At the 2025 shareholders' meeting, we will elect an additional female independent director to achieve one-third representation of directors of different genders. This initiative aims to enhance corporate governance and align with government policies. The diversification policy and implementation of the current board members of the Company are as follows:

Diversified core items Name of Director	Nationality	Gender	Concurrently serving as an employee of the Company	Age			Term of office and length of service of Directors More than 10 years	Operational judgment/management	Crisis management/leadership decision-making	Industrial knowledge	International market view	Financial accounting	Law
				41 to 50	61 to 70	71 to 80							
Yi-Tong Shen	Republic of China	Male	✓			✓	✓	✓	✓	✓	✓	✓	
Representative of Nankang Rubber Tire: Jun-Ying Lin	Republic of China	Female		✓			✓	✓	✓	✓			
Ming-Xiao Lu	Republic of China	Male				✓	✓	✓	✓	✓	✓		
Independent director Jun-Ming Wang	Republic of China	Male				✓	✓	✓	✓	✓	✓	✓	
Independent director Xiao-Long Feng	Republic of China	Male				✓	✓	✓	✓	✓	✓		
Independent director Yong-Cheng Chun	Republic of China	Male				✓	✓	✓	✓	✓	✓		✓
Wen-Chun Cai	Republic of China	Female			✓		✓	✓	✓	✓	✓	✓	

Note:

1. It can be seen from the table above that there are 7 directors (including 3 independent directors) for the 14th term Board of Directors (was re-elected by the Shareholders' Meeting on June 14, 2023) of the Company, who have overall operational judgment, business management, crisis management, leadership decision-making, and industry experience and professional capability; among whom, chairman Yi-Tong Shen, director Ming-Xiao Lu, independent director Yong-Cheng Chun, independent director Jun-Ming Wang, independent director Xiao-Long Feng and director Wen-Chun Cai possess international market view; chairman Yi-Tong Shen, independent director Jun-Ming Wang, and director Wen-Chun Cai are skilled in financial accounting; independent director Jun-Ming Wang has significant contributions to the public welfare; and independent director Yong-Cheng Chun is specialized in legal affairs.

2. The average term of office of the directors of the Company is more than 10 years. The members of the Board of Directors are all Taiwanese, and the proportion of the composition structure:

Item	Seats	Percentage of occupied Board Director seats (%)
Independent director	3	42.86
Director with employee status	1	14.29
Female director	2	28.57
41-50 years old	1	14.29
61-70 years old	1	14.29
71-80 years old	5	71.43

In addition to the aforementioned points, the Company places a strong emphasis on gender equality within the composition of the Board of Directors. Currently, the representation of either gender on the board has not reached one-third. Consequently, at the 2025 shareholders' meeting, the Company will elect an additional female independent director. We remain committed to increasing the proportion of female directors in the future.

3. The diversity orientation, complementarity and implementation of directors have included and are better than the standards set out in Article 20 of the Company's code of practice on corporate governance; In the future, the diversification policies will be revised in due time according to the operation, operation type and development needs of the Board of Directors, including but not limited to the standards of basic conditions and values, professional knowledge and skills, so as to ensure that the members of the Board of Directors should generally have the knowledge, skills and literacy necessary for performing their duties.

* Independence of the Board of Directors:

It can be seen from the disclosure of the professional qualifications of the above Directors and the independence of Independent Directors-

Serial number	Item	Seats	Percentage of occupied Board Director seats (%)
1	Number of independent directors	3	42.86
2	Not an employee of the Company or its affiliated enterprises	6	85.71
3	Not a director or supervisor of the Company or any of its affiliates.	7	100.00

Serial number	Item	Seats	Percentage of occupied Board Director seats (%)
4	Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.	5	71.43
5	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the previous three preceding items.	6	85.71
6	Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act	5	71.43
7	Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares.	7	100.00
8	Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company.	6	85.71
9	Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company.	7	100.00
10	Not a person that provides audit or commercial, legal, financial, accounting, or other services to the company and any affiliated company for remuneration from the latest two years	7	100.00
11	Not a spouse or a relative within the second degree of kinship with any Director. (No circumstances as specified in the provisions of paragraphs 3 and 4 of article 26-3 of the Securities and Exchange Act)	7	100.00
12	Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.	6	85.71

To sum up, the Board of Directors of the Company is in line with independence.

(II) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branch Units

April 13, 2025

Title	nationality	Name	Gender	Election (on board) date	Shares held		Shares held by spouse and minor children		Holding shares in the name of others		Major experience (education)	Currently holding positions in other companies	Managers with spouse or second degree relationship			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chief Executive Officer	Republic of China	Yi- Tong Shen	Male	2000.7.21	3,126,244	5.33	0	0	0	0	Graduated from Taipei Tech Electronic Engineering; Chairman of Macnica Galaxy Inc.	Director of Flexbasis Technology Co., Ltd. – Legal Entity Representative	None	None	None	
General manager of Channel Business Department	Republic of China	Jia- Xing Hu	Male	2011.08.01	153,211	0.26	0	0	0	0	EMBA, Graduate School of Management, National Taiwan University of Science and Technology; Senior Organization Engineer of Conjutek Co. Ltd.	None	None	None	None	
Executive deputy general manager	Republic of China	Yong- Xiang Chou	Male	2019.01.01	2,000	0.00	0	0	0	0	Edith Cowan University, Australia - double bachelor of computer information technology and multimedia technology; general	Chairman of Flexbasis Technology	None	None	None	

Title	nationality	Name	Gender	Election (on board) date	Shares held		Shares held by spouse and minor children		Holding shares in the name of others		Major experience (education)	Currently holding positions in other companies	Managers with spouse or second degree relationship			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											manager of China and Asia Pacific region of Shengdi Wisdom Technology Co., Ltd.; vice president of Asia Pacific market, Franke, Switzerland					
Deputy general manager of R & D department	Republic of China	Wei Liang	Male	2018.10.01	6,593	0.01	6,832	0.01	0	0	Tungnan University (associate degree) - graduated from electronic engineering; Electronic engineer of Shenxun Enterprise Co., Ltd; Customer service engineer of Jiashang Co., Ltd	Director of Flexbasis Technology	None	None	None	
AVP of Planning Department of Channel Business Department	Republic of China	Xiao- Ming Lin	Female	2009.12.01	3,414	0.01	0	0	0	0	Graduated from the National Taipei University Department of Sociology; Zhongxiao Hydropower	None	None	None	None	

Title	nationality	Name	Gender	Election (on board) date	Shares held		Shares held by spouse and minor children		Holding shares in the name of others		Major experience (education)	Currently holding positions in other companies	Managers with spouse or second degree relationship			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											Engineering, Sunlight Computer					
AVP of north district business of Channel Business Department	Republic of China	Shi- Zhe Lin	Male	2010.12.01	5,400	0.01	3,759	0.01	0	0	Graduated from the Department of Textiles and Clothing, Fu Jen Catholic University; Financial Services Department of Collins, Daya Department Store	None	None	None	None	
AVP of south district business of Channel Business Department	Republic of China	Xin- Xiong Huang	Male	2010.12.01	0	0	0	0	0	0	Graduated from Department of Industrial and Information Management Institute of Information Management; R&D engineer and business specialist of Zhaotong Enterprise and Taiwan Sakura Corporation	None	None	None	None	
AVP of Business Division	Republic of China	Sheng- Xian Wang	Male	2022.05.01	0	0	0	0	0	0	Graduated from Mechanical Department of Tungnan University;	None	None	None	None	

Title	nationality	Name	Gender	Election (on board) date	Shares held		Shares held by spouse and minor children		Holding shares in the name of others		Major experience (education)	Currently holding positions in other companies	Managers with spouse or second degree relationship			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
											Solomon (Longmen) Co., Ltd., Ouliya Co., Ltd.					

(III) The reasons, rationale, necessity, and corresponding measures for the Chairman and General manager, or an equivalent position in top management, being held by the same person:

The chairman and general manager of the Company are the same person, both of whom are Mr. Yi-Tong Shen. Mr. Yi-Tong Shen is the founder of the Company and also the general manager of the Company for several years. Under his leadership, the Company has made great achievements.

Response measures-

1. Increase the Number of Independent Directors: An additional independent director will be elected at the shareholders' meeting in 2025.
2. There are other functional committees - such as Remuneration Committee and Audit Committee
3. None of the members of the Board of Directors of the Company are spouses or first-degree relatives of each other. Except for Chairman Shen, other directors do not concurrently serve as employees or managers of the Company

II Remuneration paid to directors (including independent directors), general manager and deputy general manager in the most recent year

(I) Remuneration of Directors (including Independent Directors)

Unit: NT\$1,000

Title	Name	Remuneration of Directors								Proportion of the total amount of items A, B, C and D to net income after tax (Note 6)		Part time employees receive relevant remuneration								Proportion of the total amount of items A, B, C, D, E, F and G to the net profit after tax		Any remuneration received from reinvestment enterprises other than subsidiaries
		Remuneration (A) (Note 1)		Retirement pension (B)		Directors' remuneration (C) (Note 2)		Business execution cost (D) (Note 3)				Salary, bonus and special expenses (E) (Note 4)		Retirement pension (F)		Employee remuneration (G) (Note 5)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
Cash amount	Stock amount															Cash amount	Stock amount					
Chairman	Yi-Tong Shen	0	0	0	0	6,908	6,908	128	128	7,036 1.42	7,036 1.42	2,798	2,798	0	0	1,117	0	1,117	0	10,951 2.21	10,951 2.21	None
Director	Nankang Rubber Tire Representative: Jun-Ying Lin																					
Director	Ming-Xiao Lu																					
Director	Wen-Chun Cai																					
Independent director	Yong-Cheng Chun	0	0	0	0	6,671	6,671	150	150	6,821 1.38	6,821 1.38	0	0	0	0	0	0	0	0	6,821 1.38	6,821 1.38	None
Independent director	Jun-Ming Wang																					
Independent director	Xiao-Long Feng																					

1. The policy, system, standard and structure of remuneration payment for independent directors, along with an explanation of the relationship with the amount of remuneration according to the responsibilities, risks, investment time and other factors:
 - (1) All Directors of the Company will not receive other remuneration except the attendance fee for each board meeting and the Director's remuneration allocated in accordance with the articles of association for the Company's annual profits.
 - (2) The Directors' remuneration allocated in accordance with the articles of association for the Company's annual profits is handled in accordance with the articles of association and other provisions of the Company. The articles of association stipulates that if the Company makes profits, it may allocate no more than 3% of the Directors' remuneration.
The amount allocated shall be reviewed by the Remuneration Committee, approved by the resolution of the Board of Directors and submitted to the shareholders' meeting.
 - (3) The Directors' remuneration payment policy is to strengthen corporate governance and improve the salary system of Directors and managers of the Company, and the "measures for the management of Directors' and managers' remuneration" is formulated for approval. The distribution principle is: 1. The distribution of Directors' remuneration is directly proportional to the Company's operating performance. 2. In order to implement the spirit of corporate governance and take into account the contribution and increased responsibilities of members' participation, in compliance with the principle of fairness, the base number shall be added according to the number of personal attendance of members participating in functional committees (excluding power of attorney).
 - (4) The amount of remuneration distribution of Directors and employees in the table was passed by the resolution of the Remuneration Committee on February 26, 2025, and the 14th meeting of the 14th Board of Directors on March 12, 2025. The distribution amount is proposed based on the distribution ratio from the previous year.
2. Except as disclosed in the above table, the remuneration received by the Directors of the Company for providing services (such as serving as consultants other than employees) for all companies in the financial report in the most recent year: none

◆ Remuneration level

Levels of remuneration paid to each of the Company's Directors	Name of Director			
	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 report H	The Company	All companies in the financial report
Less than NT\$1,000,000				

Levels of remuneration paid to each of the Company's Directors	Name of Director			
	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 report H	The Company	All companies in the financial report
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Yi-Tong Shen, Nankang Rubber Tire Representatives: Jun-Ying Lin, Ming-Xiao Lu, Wen-Chun Cai	Yi-Tong Shen, Nankang Rubber Tire Representatives: Jun-Ying Lin, Ming-Xiao Lu, Wen-Chun Cai	Nankang Rubber Tire Representatives: Jun-Ying Lin, Ming-Xiao Lu, Wen-Chun Cai	Nankang Rubber Tire Representatives: Jun-Ying Lin, Ming-Xiao Lu, Wen-Chun Cai
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Yong-Cheng Chun, Jun-Ming Wang, Xiao-Long Feng	Yong-Cheng Chun, Jun-Ming Wang, Xiao-Long Feng	Yong-Cheng Chun, Jun-Ming Wang, Xiao-Long Feng	Yong-Cheng Chun, Jun-Ming Wang, Xiao-Long Feng
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)				
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)			Yi-Tong Shen	Yi-Tong Shen
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
More than NT\$100,000,000				
Total	7 persons	7 persons	7 persons	7 persons

Note 1: Refers to the remuneration of Directors in the most recent year (including Directors' salary, duty allowance, severance pay, various bonuses, awards, etc.).

Note 2: The Board of Directors of the Company passed a resolution on March 12, 2025, following the deliberation of the Remuneration Committee on February 26, 2025, to allocate a directors' remuneration of NT\$13,579 thousand in 2024. A report will be submitted to the Shareholders' Meeting in 2025. The distribution amount is determined based on the distribution ratio of the previous year.

Note 3: Refers to the relevant business execution expenses of the directors in the most recent year (including travel expenses, special expenses, various allowances, dormitories, car allocation, etc.).

Note 4: Refers to the remuneration received by the directors and employees (including general manager, deputy general manager, other managers and employees) in the most recent year, including salary, allowance, severance pay, various bonuses, incentives, travel expenses, special expenses, various allowances, dormitories, car allocation and other in kind.

Note 5: The Board of Directors of the Company passed a resolution on March 12, 2025, following the deliberation of the Remuneration Committee on February 26, 2025, to allocate employees' remuneration of NT\$67,752 thousand in 2024. A report will be

submitted to the Shareholders' Meeting in 2025. The distribution amount is determined based on the distribution ratio of the previous year.

Note 6: It is calculated based on the parent only net profit after tax and the net profit attributable to the parent company in the consolidated financial statements of 2024, which is NT\$495,221 thousand.

(II) The Company has set up an audit committee to replace the supervisor system, so there is no supervisor data.

(III) Remuneration of general manager and deputy general manager

Unit: NT\$1,000

Title	Name	Remuneration (A)		Retirement pension (B) (Note 1)		Bonuses and special expenses, etc. (C)		Employee remuneration amount (D) (Note 2)				Proportion of the total amount of items A, B, C and D to net income after tax (%) (Note 3)		Any remuneration received from reinvestment enterprises other than subsidiaries
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief Executive Officer	Yi-Tong Shen	9,564	9,744	279	279	801	801	8,896	0	8,896	0	19,540 3.95	19,720 3.98	0
General manager of Channel Business Department	Jia-Xing Hu													
Executive vice president	Yong-Xiang Chou													
Deputy general manager of R & D department	Wei Liang													

◆ Remuneration level

Remuneration level paid to each general manager and deputy general manager of the company	Names of general manager and deputy general manager	
	The Company	All companies in the financial report
Less than NT\$1,000,000		
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)	Yi-Tong Shen, Wei Liang	Yi-Tong Shen, Wei Liang
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	Jia-Xing Hu, Yong-Xiang Chou	Jia-Xing Hu, Yong-Xiang Chou
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
More than NT\$100,000,000		
Total	4 persons	4 persons

- * This is the retirement pension set aside according to law, and there is no actual retirement pension paid in the most recent year.
- * The Company's Remuneration Committee resolved on February 26, 2025, and the Board of Directors approved on March 12, 2025, to allocate employees' remuneration of NT\$67,752 thousand for the year 2024. A report will be submitted to the Shareholders' Meeting in 2025. The distribution amount is determined based on the distribution ratio of the previous year.
- * It is calculated based on the parent only net profit after tax and the net profit attributable to the parent company in the consolidated financial statements of 2024, which is NT\$495,221 thousand.

Name of the manager who receives employee remuneration and distribution status

2024; Unit: NT\$1,000

	Title	Name	Stock amount	Cash amount (Note 1)	Total	Proportion of total amount to net profit after tax (%) (Note 2)
Manager	Chief Executive Officer	Yi-Tong Shen	0	12,019	12,019	2.43
	General manager of Channel Business Department	Jia-Xing Hu				
	Executive deputy general manager/ Chief Information Security Officer	Yong-Xiang Chou				
	Deputy general manager of R & D department	Wei Liang				
	AVP of Planning Department of Channel Business Department	Xiao-Ming Lin				
	AVP of north district business of Channel Business Department	Shi-Zhe Lin				
	AVP of south district business of Channel Business Department	Xin-Xiong Huang				
	AVP of Business Division	Sheng-Xian Wang				
	Financial Manager/ Corporate Governance Officer	Ya-Ping Liu				

Note 1: The 14th meeting of the 14th Board of Directors of the Company passed a resolution on March 12, 2025, to allocate employees' remuneration of NT\$67,752 thousand for the year 2024. A report was submitted to the Shareholders' Meeting in 2025. The distribution amount is determined based on the distribution ratio of the previous year.

Note 2: It is calculated based on the parent only net profit after tax and the net profit attributable to the parent company in the consolidated financial statements of 2024, which is NT\$495,221 thousand.

(IV) Analysis of the proportion of the total remuneration paid by the company to the directors, supervisors, general manager and deputy general manager of the company to the net profit after tax of parent only or individual financial reports in the last two years, the policies,

standards and combination of remuneration, the procedures for setting remuneration, and the correlation with business performance and future risks

1. Analysis of the proportion of the total amount paid by the company and all companies in the consolidated statements to the Company's directors, supervisors, general manager and deputy general manager to the net profit after tax of parent only financial reports in the last two years

Identity \ Year	Proportion of total remuneration to net profit after tax (Note 1) of parent only or individual financial reports (%)			
	2024 (Note 2)		Fiscal Year 2023	
	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement
Director	3.59	3.59	3.62	3.62
Supervisor	0	0	0	0
General manager and deputy general manager	3.95	3.98	4.02	4.05

Note 1: The net profit after tax of parent only financial report in 2024 and 2023 is NT\$495,221 thousand and NT\$460,828 thousand respectively.

Note 2: On March 12, 2025, the Board of Directors of the Company decided to allocate NT\$67,752 thousand for employees and NT\$13,579 thousand for directors for the year 2024, and submitted the report to the 2025 Shareholders' Meeting.

Note 3: The distribution amount in 2024 is proposed based on the distribution ratio from the previous year.

Note 4: In the 2024 fiscal year, the proportions for each category were lower than those in 2023, primarily due to a lower allocation of managers in 2023 compared to previous years.

2. Policies, standards and combinations of remuneration payments, procedures for determining remuneration, and their relationship to business performance and future risks:

- ◎ The Company has set up a remuneration committee, which is responsible for reviewing the company's overall remuneration, directors and senior managers' remuneration and payment methods.
- ◎ All Directors of the Company will not receive other remuneration except the attendance fee for each board meeting and the Director's remuneration allocated in accordance with the articles of association for the Company's annual profits.
- ◎ The Directors' remuneration allocated in accordance with the articles of association for the Company's annual profits is handled in accordance with the articles of association and other provisions of the Company. The articles of association clearly stipulate that if the company makes a profit, it may set aside no more than 3% for

the director's remuneration, so that the director's remuneration is proportional to the company's operating performance.

- ◎ The compliance with the rationality of the directors' remuneration performance policy mainly considers the performance evaluation methods and procedures of the Board of Directors, the overall operating performance of the company, the future operating needs and development of the industry, and gives reasonable remuneration with reference to the individual's contribution to the company's operation, which has been deliberated by the Remuneration Committee and discussed and approved by the Board of Directors.
- ◎ The remuneration policy of the Company's Directors and managers is to strengthen corporate governance and improve the remuneration system of the Company's Directors and managers, and formulate the "measures for the administration of Directors and managers' remuneration" for approval.
- ◎ The distribution principle of directors is: 1. The distribution of directors' remuneration is directly proportional to the company's operating performance. 2. In order to implement the spirit of corporate governance and take into account the contribution and increased responsibilities of members' participation, in order to comply with the principle of fairness, the base number shall be added according to the number of personal attendance of members participating in functional committees (excluding power of attorney).
- ◎ The appointment, dismissal and remuneration of the general manager and deputy general manager of the Company shall be approved by the Board of Directors in accordance with the provisions of the Company. The HR department of the Company shall, in accordance with the relevant provisions of the Company's personnel performance evaluation and the "measures for the management of directors' and managers' remuneration", determine the standard of remuneration according to the individual performance and contribution to the overall operation of the company, taking into account the principle of market peer level, and submit a proposal to the Board of Directors after the resolution of the Remuneration Committee, which shall be adopted by the Board of Directors.
- ◎ The Company's remuneration policy is based on the individual's ability, contribution to the company, performance and the correlation with business performance. The overall remuneration portfolio mainly includes basic salary, bonus and employee compensation. The standard of remuneration payment is that the basic salary is reviewed and approved according to the market situation of the position held by the employee; bonus and employee compensation are connected with the achievement of employees, department objectives or the Company's business performance.

- ◎ Relevance of future risks: The Company's remuneration will be evaluated and adjusted in consideration of future changes in environment and operating performance, and any Directors and employees who are involved in illegal activities that result in losses to the Company may be subject to disciplinary action as required by law.

III Operation of corporate governance:

(I) Operation of the Board of Directors

Information on the operation of the Board of Directors

In the most recent year, the Board of Directors held a total of 8 meetings [A]. The attendance of Directors is as follows:

Title	Name	Actual number of attendance (present) B	Number of delegated attendance	Actual attendance (present) (%) 【 B / A 】	Remark
Chairman	Yi-Tong Shen	8	0	100	
Director	Representative of Nankang Rubber Tire: Jun-Ying Lin	2	6	25	
Director	Ming-Xiao Lu	7	1	87.5	
Independent director	Jun-Ming Wang	8	0	100	
Independent director	Xiao-Long Feng	8	0	100	
Independent director	Yong-Cheng Chun	7	1	87.5	
Director	Wen-Chun Cai	7	1	87.5	

Other matters to be recorded:

- I. In case of any of the following circumstances in the operation of the Board of Directors, the date of the Board of Directors, the term, the content of the proposal, the opinions of all independent directors and the company's handling of the opinions of independent directors shall be stated:

(I) The matters listed in Article 14-3 of the Securities and Exchange Act:

Date of board meeting	Content of proposal	Opinions of all independent directors and subsequent treatment
The 6th session of the 14th term- 2024.03.13	1. Disposition of partial equity in MilDef Group AB 2. 2023 "effectiveness assessment of internal control system" and	Independent Directors did not object to or reserve opinions on the following proposals.

Date of board meeting	Content of proposal	Opinions of all independent directors and subsequent treatment
	<p>"statement of internal control system"</p> <p>3. Amendment to the "Rules of Procedure of the Board of Directors Meetings"</p> <p>4. Amendment to the "Audit Committee Charter"</p> <p>5. Amendment to the Internal Control Content for "Production Cycle"</p> <p>6. Procurement Project for SMT Equipment in the Manufacturing Division</p> <p>7. 2023 directors' and employees' remuneration distribution plan</p> <p>8. Review of the 2023 Business Report and Financial Statements</p> <p>9. 2023 Earnings distribution proposal</p> <p>10. 2024 annual budget and operation plan</p> <p>11. Proposal on matters related to the convening of the 2024 Shareholders' Meeting</p> <p>12. Performance evaluation of directors and managers in 2023</p> <p>13. 2024 Salary Adjustment Plan</p> <p>14. Manager's salary adjustment evaluation in 2024</p>	
The 7th session of the 14th term- 2024.04.03	Disposition of partial equity in MilDef Group AB	Independent Directors did not object to or reserve opinions on the following proposals.
The 8th session of the 14th term- 2024.05.08	<p>1. First Quarter 2024 Financial Statements Report</p> <p>2. Report on the achievement of the budget for the first quarter of 2024</p> <p>3. Proposal for the CPA Fees for 2024</p> <p>4. Proposal for adding the "List of Pre-approved Non-Assurance Services"</p>	Independent Directors did not object to or reserve opinions on the following proposals.
The 9th session of the 14th term- 2024.05.24	Disposition of partial equity in MilDef Group AB	Independent Directors did not object to or reserve opinions on the proposals on the left.
The 10th session of the 14th term- 2024.08.07	<p>1. Second Quarter 2024 Financial Statements Report</p> <p>2. Report on the achievement of the budget for the second quarter of 2024</p> <p>3. 2023 directors' remuneration distribution plan</p> <p>4. Remuneration distribution plan for managers in 2023</p>	Independent Directors did not object to or reserve opinions on the following proposals.

Date of board meeting	Content of proposal	Opinions of all independent directors and subsequent treatment
	5. Proposal for the amendment to the "Measures for the Management of Directors' and Managers' Remuneration"	
The 11th session of the 14th term - 2024.09.18	1. Proposal for the disposal of equity in "Roda Computer GmbH" 2. Disposition of partial equity in MilDef Group AB	Independent Directors did not object to or reserve opinions on the following proposals.
The 12th session of the 14th term - 2024.11.06	1. Third Quarter 2024 Financial Statements Report 2. Report on the achievement of the budget for the third quarter of 2024 3. Change of CPA Case 4. Proposal for the formulation of the "Sustainable Development Best Practice Principles" 5. Proposal for the formulation of "Material Topics for the Sustainability Report"	Independent Directors did not object to or reserve opinions on the following proposals.
The 13th session of the 14th term 2024.12.25	1. Approval of annual audit plan in 2025 2. The evaluation results of the independence of the CPAs for 2025 3. Amendment to the "General Principles of Pre-Approval Non-assurance Service Policy" 4. Review of directors' and managers' remuneration for 2024 5. Proposal for the formulation of the "Human Rights Policy" Declaration 6. Proposal for the formulation of "Sustainability Report Preparation and Verification Procedures" 7. Proposal for the amendment to the Internal Control System: Addition of "Sustainable Information Management Procedures" 8. Proposal for the Amendments to the Operating Procedures and Code of Conduct for Integrity Management	Independent Directors did not object to or reserve opinions on the following proposals.

(II) Except for the matters mentioned above, other matters resolved by the Board of Directors with objections or reservations of independent directors and with records or written statements: none.

- II. Regarding recusals of directors from voting due to conflicts of interests, the names of the directors, contents of motions, reasons for recusal, and results of voting shall be specified:

Date of meeting	Name of Director	Content of proposal	Reasons for recusal	Participation in voting
The 6th session of the 14th term 2024.03.13	Yi-Tong Shen	Manager's salary adjustment evaluation in 2024	Concurrently acting as general manager	Recusal from voting on the motion

- III. The evaluation cycle and period, evaluation scope, method and evaluation content of the board (or peer) evaluation:

- (I) Perform the performance evaluation of the Board of Directors and functional committees in accordance with the Company's "board performance evaluation measures".
- (II) Evaluation cycle: the performance evaluation of the internal Board of Directors shall be carried out at least once a year.
- (III) Evaluation period: from January 1, 2024, to December 31, 2024.
- (IV) Evaluation scope: including the performance evaluation of the overall Board of Directors, individual board members and functional committees.
- (V) Evaluation method: self-evaluation, including internal self-evaluation of the Board of Directors and functional committees and self-evaluation of board members.
- (VI) Rating: excellent / very agreeable, 5 points; Excellent / agreed 4 points; Medium / ordinary 3 points; Poor / disagree 2 points; Extremely poor / very disagree 1 point
- (VII) Evaluation results:

1. Performance evaluation results of the Board of Directors: excellent.

The performance evaluation and measurement items of the Board of Directors of the Company cover five aspects, with a total of 45 questions. The score results of each aspect are shown in the table below, with an average score of 4.65 points (a full score of 5 points).

Measurement items	Number of questions	Average score in 2024	Evaluation results
A. Participation in the operation of the Company	12	4.49	
B. Improvement of the decision-making quality of the Board of Directors	12	4.61	
C. Composition and structure of the Board of Directors	7	4.86	
D. Board of Directors Appointments and Continuous Education	7	4.73	
E. Internal controls	7	4.63	
Total/ average	45	4.65	Excellent

2. Performance evaluation results of the Directors: excellent.

The Company's Directors (including Independent Directors) members, a total of 7 seats, measured six aspects of the project cover, the total number of questions is 23 questions, and the average score for each aspect is 4.65 (out of 5).

Measurement items	Number of questions	Average score in 2024	Evaluation results
A. Mastery of company objectives and tasks	3	4.81	
B. Cognition of directors' responsibilities	3	4.86	
C. Participation in the operation of the company	8	4.46	
D. Internal relationship management and communication	3	4.62	
E. Professional and continuing education of directors	3	4.67	
F. Internal controls	3	4.76	
Total/ average	23	4.65	Excellent

(VIII) Conclusion:

Based on the evaluation results, the overall operation of the Company's Board of Directors meets corporate governance requirements. All members uphold a loyal and prudent attitude, actively participate in Board activities, maintain effective communication with the management team, and diligently fulfill their supervisory responsibilities.

IV. The objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as establishing an audit committee, improving information transparency, etc.) and the evaluation of the implementation:

- (I) The schedule of the annual meeting is planned and scheduled in advance.
- (II) The discussion unit shall consult relevant units about one month before the meeting of the Board of Directors.
- (III) According to the provisions of laws and regulations, we regularly or irregularly announce the company's major financial and business information.
- (IV) The head of corporate governance was set up on the 18th session of the 13th term Board of Directors on May 3, 2023.

(II) Operation of the Audit Committee:

Operation of the Audit Committee

The Audit Committee held 8 meetings in the most recent year [A], and the attendance of independent directors is as follows:

Title	Name	Actual attendance B	Number of delegated attendance	Actual attendance (%) [B/A] (Note)	Remark
Independent director	Jun-Ming Wang	8	0	100	
Independent director	Yong-Cheng Chun	7	1	87.5	
Independent director	Xiao-Long Feng	8	0	100	

Other matters to be recorded:

- I. In case of any of the following circumstances in the operation of the Audit Committee, the date and period of the Audit Committee, the contents of the proposal, the objections, reservations or major suggestions of the independent directors, the resolution results of the Audit Committee and the company's handling of the opinions of the Audit Committee shall be stated.

(I) The matters listed in Article 14-5 of the Securities and Exchange Act:

Date of the Audit Committee	Content of proposal	Resolution results of the Audit Committee and follow-up treatment
The 6th session of the 8th term- 2024.03.13	1. Internal control audit report 2. 2023 "effectiveness assessment of internal control system" and "statement of internal control system" 3. Disposition of partial equity in MilDef Group AB 4. 2023 annual business report and financial statement audit report 5. 2023 Earnings distribution proposal 6. Amendment to the "Rules of Procedure of the Board of Directors Meetings" 7. Amendment to the "Audit Committee Charter" 8. Amendment to the Internal Control Content for "Production Cycle" 9. Procurement Project for SMT Equipment in the Manufacturing Division	All members of the Audit Committee have not expressed any objection or reservations for the following proposals, and the proposals have been adopted by all members.
The 7th session of the 8th term- 2024.04.03	Disposition of partial equity in MilDef Group AB	All members of the Audit Committee have not expressed any objection or reservations for the following proposals, and the proposals have been adopted by all members.
The 8th session of the 8th term- 2024.05.08	1. Proposal for Internal control audit report 2. First Quarter 2024 Financial Statements Report	All members of the Audit Committee have not expressed any objection or reservations for

Date of the Audit Committee	Content of proposal	Resolution results of the Audit Committee and follow-up treatment
	<ol style="list-style-type: none"> 3. Report on the achievement of the budget for the first quarter of 2024 4. Proposal for the CPA Fees for 2024 5. Proposal for adding the "List of Pre-approved Non-Assurance Services" 	the following proposals, and the proposals have been adopted by all members. Director Jun-Ming Wang is re-elected.
The 9th session of the 8th term- 2024.05.24	Disposition of partial equity in MilDef Group AB	All members of the Audit Committee have not expressed any objection or reservations for the following proposals, and the proposals have been adopted by all members.
The 10th session of the 8th term- 2024.08.07	<ol style="list-style-type: none"> 1. Internal control audit report 2. Second Quarter 2024 Financial Statements Report 3. Report on the achievement of the budget for the second quarter of 2024 4. Proposal for the amendment to the "Measures for the Management of Directors' and Managers' Remuneration" 	All members of the Audit Committee have not expressed any objection or reservations for the following proposals, and the proposals have been adopted by all members.
The 11th session of the 8th term- 2024.09.18	<ol style="list-style-type: none"> 1. Proposal for the disposal of equity in "Roda Computer GmbH" 2. Disposition of partial equity in MilDef Group AB 	All members of the Audit Committee have not expressed any objection or reservations for the following proposals, and the proposals have been adopted by all members.
The 12th session of the 8th term- 2024.11.06	<ol style="list-style-type: none"> 1. Proposal for "Internal control audit report" 2. Third Quarter 2024 Financial Statements Report 3. Report on the achievement of the budget for the third quarter of 2024 4. Change of CPA Case 5. Proposal for the formulation of the "Sustainable Development Best Practice Principles" 6. Proposal for the formulation of "Material Topics for the Sustainability Report" 	All members of the Audit Committee have not expressed any objection or reservations for the following proposals, and the proposals have been adopted by all members.
The 13th session of the 8th term- 2024.12.25	<ol style="list-style-type: none"> 1. Internal control audit report 2. Approval of annual audit plan in 2025 3. The evaluation results of the independence of the CPAs for 2025 4. Amendment to the "General Principles of Pre-Approval Non-assurance Service Policy" 5. Proposal for the formulation of the "Human Rights Policy" Declaration 6. Proposal for the formulation of "Sustainability Report Preparation and Verification Procedures" 7. Proposal for the amendment to the Internal Control System: Addition of "Sustainable Information Management Procedures" 8. Proposal for the Amendments to the Operating Procedures and Code of Conduct for Integrity Management 	All members of the Audit Committee have not expressed any objection or reservations for the following proposals, and the proposals have been adopted by all members.

- (II) Other matters not approved by the Audit Committee but agreed by more than two-thirds of all Directors, except for the preceding matters: none.
- II. The implementation of the recusal of interest related proposals by independent directors shall state the name of the independent director, the content of the proposal, the reasons for the recusal of interest and the voting situation: none.
- III. Communication between independent directors and internal audit supervisors and CPAs (such as matters, methods and results of communication on the company's financial and business conditions):
- (I) Communication between the Audit Committee and the audit supervisor in 2024:

Communication method and date	Communication matters	Communication results
The 6th session of the 8th term Audit Committee - 2024.03.13	Audit business performance report from December 2023 to January 2024	Members attended and agreed, no other views
The 8th session of the 8th term Audit Committee - 2024.05.08	Performance report of audit business from February to March 2024	Members attended and agreed, no other views
The 10th session of the 8th term Audit Committee - 2024.08.07	Performance report of audit business from April to June of 2024	Members attended and agreed, no other views
The 12th session of the 8th term Audit Committee - 2024.11.06	Audit business performance report from July to September 2024	Members attended and agreed, no other views
The 13th session of the 8th term Audit Committee - 2024.12.25	Audit business performance report from October to November 2024	Members attended and agreed, no other views

The auditor shall communicate with the independent directors through the audit report every month. Through the meeting of the Audit Committee, the implementation status of the audit business should be reported at least once a quarter. In case of special conditions, the members of the Audit Committee should be reported immediately. As of the printing date of the annual report, there was no such special situation. The Audit Committee of the Company has good communication with the internal audit supervisor.

Since the chairman of the Board of Directors and the general manager of the Company are the same person, the Company passed at the eighth session of the seventh term Audit Committee to add one more director to sign on the audit business report.

(II) Communication between the Audit Committee and CPAs in 2024:

Date	Communication method	Communication object	Communication matters	Communication results
2024.03.13	Before the 6th Audit Committee Meeting of the 8th term	Ching-Wen Kao CPAs	<ol style="list-style-type: none"> 1. Audit results of consolidated and parent only financial reports in 2023 2. Recent inspections by the competent authority have identified significant internal control deficiencies, issued reminders, and cited relevant cases concerning listed and emerging stock companies <ol style="list-style-type: none"> (1) Inadequate Internal Control of Subsidiaries and Deficiencies in the Parent Company's Oversight of Subsidiaries (2) Deficiencies in Seal and Negotiable Instrument Management (3) Deficiencies in Asset Management (4) Deficiencies in the Procurement and Sales Cycle (5) Deficiencies in the Personal Data Protection Cycle 3. Communication of the Quality Management System within the Firm 4. Update on Important Regulations <ol style="list-style-type: none"> (1) Amendment to the Regulations Governing the Exercise of Powers by Audit Committees (2) Amendment to the Rules of Procedure for Board of Directors Meetings (3) Carbon Reduction Target Disclosure Timeline in Annual Reports and Prospectuses (4) New Information Security Management Regulations for Listed and OTC Companies 	Agree, no other comments

Date	Communication method	Communication object	Communication matters	Communication results
2024.11.06	Before the 12th Audit Committee Meeting of the 8th term	Ching-Wen Kao CPAs	<ol style="list-style-type: none"> 1. Review results of consolidated financial report for the third quarter of 2024 2. Annual audit plan 3. Implementation Plan for IFRS Sustainability Disclosure Standards 4. Update of important accounting standards- IFRS 18 — Presentation and Disclosure in Financial Statements 5. Update of important securities regulatory laws and tax laws- <ol style="list-style-type: none"> (1) Code of practice on corporate governance of TWSE/TPEX-listed companies (2) Specific Procedures for Enhancing Corporate Value (3) Amendment to Article 14 of the Securities Exchange Act (4) Draft of the Collection Rate for Basic Tax on the Income of Profit-Seeking Enterprises 	Agree, no other comments

The communication between the Company's CPAs and the Audit Committee, including the review or audit results of the second quarter and annual financial reports, the scope and time plan of the review or audit, as well as major findings, providing that the personnel of the firm to which the CPAs belong have complied with the statement on independence in the code of professional ethics of CPAs, and determining the key audit matters to be communicated in the financial report, the impact of the amendment of laws and regulations on the Company. In case of any special situation, it will also report to the members of the Audit Committee immediately. As of the printing date of the annual report, there is no such special situation. The Audit Committee of the Company is in good communication with the CPAs.

IV. The evaluation cycle and period, evaluation scope, method and evaluation content of the Audit Committee's self-evaluation:

- (I) Perform the performance evaluation of the Board of Directors and functional committees in accordance with the Company's "board performance evaluation measures".

- (II) Evaluation cycle: the performance evaluation of the internal Board of Directors shall be carried out at least once a year.
- (III) Evaluation period: from January 1, 2024, to December 31, 2024.
- (IV) Evaluation scope: including the performance evaluation of the overall Board of Directors, individual board members and functional committees.
- (V) Evaluation method: self-evaluation, including internal self-evaluation of the Board of Directors and functional committees and self-evaluation of board members.
- (VI) Rating: excellent / very agreeable, 5 points; Excellent / agreed 4 points; Medium / ordinary 3 points; Poor / disagree 2 points; Extremely poor / very disagree 1 point
- (VII) Performance evaluation results of the Audit Committee: excellent

According to the performance evaluation of the Audit Committee, the measurement results cover five aspects, the total number of questions is 21, and the average score of each dimension is 4.71 (full score is 5).

Measurement items	Number of questions	Average score	Evaluation results
A. Participation in the operation of the Company	4	4.92	
B. Awareness of responsibilities of the Audit Committee	5	4.67	
C. Provide functional committee decision-making quality	7	4.67	
D. Composition and member selection of the Audit Committee	2	4.67	
E. Internal controls	3	4.67	
Total / average	21	4.71	Excellent

- (VIII) Conclusion:

According to the evaluation results, the organization and operation of the Audit Committee are in good condition. The Company will continue to refine the functions of the Audit Committee, improve the enterprise operation and implement the effectiveness of corporate governance.

- (III) The operation of corporate governance and the differences with the code of practice for corporate governance of TWSE/TPEX-listed companies and the reasons

The operation of corporate governance and the differences between it and the code of practice for corporate governance of TWSE/TPEX-listed companies and the reasons

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
I. Does the company formulate and disclose the code of corporate governance practices in accordance with the code of corporate governance practices for TWSE/TPEX-listed companies?	V		The Company has formulated a code of practice on corporate governance and disclosed on the company's website and MOPS.	No significant difference
II. Ownership structure and shareholders' equity of the company				No significant difference
(I) Whether the Company has established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation, and implement them in accordance with the procedures?	V		(I) The Company's internal operating procedures for handling shareholders' suggestions, doubts, disputes and litigation matters: collect relevant issues raised by shareholders through the contact telephone and e-mail of the spokesperson and acting spokesperson. If it is shareholders' suggestions and doubts, the spokesperson and acting spokesperson shall handle and respond to them. In case of disputes and litigation matters, the legal affairs unit shall handle and respond. However, the relationship between the Company and its shareholders is harmonious, and there has been no dispute or litigation.	
(II) Does the Company have a list of the major shareholders who actually control the Company and the ultimate controllers of the major shareholders?	V		(II) The Company has stock affairs handling personnel and the assistance of the Stock Affairs Agency Department of Capital Securities to regularly disclose the pledge, increase or decrease of the Company's shares, or other important matters that may cause changes in shares held by shareholders and Directors holding more than 5%, so as to master the major shareholders and ultimate controller of major shareholders. The Company discloses the list of major shareholders in its quarterly financial report.	
(III) Does the Company establish and implement risk control and firewall mechanisms with related enterprises?	V		(III) The Company has formulated the "operating procedures for transactions between group enterprises, specific companies and related parties" and the "measures for the operation and management of subsidiaries", which clearly regulate the transactions with	

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
(IV) Does the company have internal regulations to prohibit insiders from trading securities by using unpublished information on the market?	V		<p>related enterprises, so as to establish a complete firewall and achieve a risk control mechanism.</p> <p>(IV) 1. The Company has established "internal major information processing procedures" and "operation procedures for the prevention of insider trading management" as major information processing procedures, which prohibit insiders from using undisclosed information on the market to buy and sell securities. In addition, it is expressly prohibited for the company's directors, managers, employees, appointees or persons with substantial control ability to obtain any improper interests in the "operation procedures and conduct guidelines for ethical corporate management".</p> <p>2. At least once a year, the Company conducts education and advocacy of "internal major information processing procedures" and relevant laws and regulations for current Directors, managers and relevant employees, arranges education and advocacy for new Directors and managers within 3 months after taking office, and educates and advocates for new employees during pre-service training.</p> <p>3. In this year, the Finance Manager prepared an advocacy briefing for 0.5 hours on October 28, 2024 to carry out relevant education and advocacy for the current Directors, managers and relevant employees. The course content includes the clear time point, disclosure method, release time and terms of the current major information to strengthen the confidentiality awareness of internal insiders.</p> <p>4. On October 15, 2024, the audit team conducted a 3-hour training to promote the Company's established guidelines on integrity management. This training encompassed internal controls and audits, procedures for handling significant internal information, the supplier integrity management declaration, regulations on intellectual property management, the code of</p>	

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
			integrity management, and the code of ethical conduct. Furthermore, on December 25, 2024, a report was presented to the 13th meeting of the 14th Board of Directors, stating that there were no integrity management violations by the Company in 2024	
III. Composition and responsibilities of the Board of Directors (I) Does the Board of Directors formulate diversification policies, specific management objectives and implement them?	V		(I) It is formulated in the "code of practice on corporate governance" and the "measures for the election of directors" and disclosed on the company's website. The contents are as follows: The members of the Board of Directors shall consider diversification and formulate appropriate diversification policies based on their own operation, business type and development needs, which should include but not limited to the following two standards: 1. Basic conditions and values: gender, age, and nationality, etc. 2. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience. Members of the Board of Directors shall generally have the knowledge, skills and literacy necessary for the performance of their duties. In order to achieve the ideal goal of corporate governance, the overall capabilities of the Board of Directors are as follows: 1. Operational judgment. 2. Accounting and financial analysis ability. 3. Operation and management ability. 4. Crisis management ability. 5. Industrial knowledge. 6. International market view. 7. Leadership. 8. Decision-making ability. The Board of Directors of the Company has a total of seven directors. The overall ability of the Board of Directors meets the needs of the Company's future development and implements the	No significant difference

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
(II) In addition to setting up salary and Remuneration Committee and Audit Committee according to law, does the company voluntarily set up other functional committees?	V		(II) In addition to setting up Remuneration Committee and Audit Committee according to law, the Company will add other functional committees according to actual needs in the future.	
(III) Whether the Company has formulated the performance evaluation measures and evaluation methods of the Board of Directors, conducted performance evaluation every year and regularly, and submitted the results of performance evaluation to the Board of Directors, and used it as a reference for the remuneration of individual Directors and nomination for renewal?	V		(III) On August 5, 2020, the Board of Directors of the Company adopted the "Measures for the Performance Evaluation of the Board of Directors". The evaluation items include the following five aspects: the degree of participation in the operation of the company, improving the decision-making quality of the Board of Directors, the composition and structure of the Board of Directors, the selection and continuous learning of directors, and internal control. Before the end of each fiscal year, a questionnaire shall be used to evaluate the operation of the Remuneration Committee and the Audit Committee of the Board of Directors and the self-assessment of directors. The operation of the Board of Directors, the Remuneration Committee and the Audit Committee shall be evaluated by the responsible administrative units, and the results, together with the directors' self-assessment, shall be used as the reference basis for nominating directors and determining their remuneration. The evaluation results shall be reported to the Board of Directors in the subsequent year. The evaluation of the operation of the Board of Directors, the Remuneration Committee and the Audit Committee in 2024 was carried out in December 2024. The overall operation result was excellent through the evaluation of various functional committees, and the report of the Board of Directors was made on	

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
(IV) Does the company regularly evaluate the independence of CPAs?	V		<p>March 12, 2025. For the evaluation results, please refer to the self evaluation results of the Board of Directors and Directors on page 43-44, the self evaluation results of the Audit Committee on page 49-50 and the self-evaluation results of the Remuneration Committee on page 69-70 of this annual report.</p> <p>(IV) The Finance Department conducts an annual evaluation of the independence and competence of the accountants. This evaluation is based on the independent declarations provided by the accountants, the Audit Quality Indicators provided by the firm—covering five key dimensions (professional competence, quality control, independence, supervision, and innovation) and 13 indicators—and with reference to Article 47 of the Certified Public Accountant Act and the provisions of bulletin of code of professional ethics No. 10. The evaluation results are then submitted to the Board of Directors for approval.</p> <p>The accounting independence and suitability assessment results of 2025, were reported by the 13th meeting of the 14th Board of Directors on December 25, 2024. For the results, please refer to page 64 of this annual report.</p>	
IV. Whether a TWSE/ TPEX-listed company has set up a full-time (part-time) corporate governance unit or personnel to be responsible for corporate governance related affairs (including but not limited to providing data required by Directors and supervisors to perform business, handling matters related to meetings of the Board of Directors and	V		<p>On May 3, 2023, the 18th session of the 13th Board of Directors passed the setting up of the head of corporate governance, appointed by Ya-Ping Liu, Finance Manager.</p> <p>The Finance Department of the Company is responsible for corporate governance related affairs concurrently.</p> <p>The main responsibilities include handling matters related to the Board of Directors and shareholders' meetings in accordance with the law, preparing meeting minutes for both the Board and shareholders' meetings, assisting directors with their appointments and continuous education, providing directors with the necessary information to carry out their duties, and assisting directors in complying with legal requirements.</p> <p>The business performance in 2024 is as follows:</p> <ol style="list-style-type: none"> 1. It is the main contact window between Directors and the Company. 	No significant difference

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
shareholders in accordance with the law, handling company registration and change registration, making minutes of meetings of the Board of Directors and shareholders, etc.)?			<p>2. Assist the directors in performing their duties, provide the company information required by the directors at the meeting, and maintain smooth communication between the directors and the business executives.</p> <p>3. Provide relevant training course information for Directors and assist in arranging Directors' further study.</p> <p>4. Assist in arranging the communication between the audit members, the CPAs and the audit supervisor.</p> <p>5. Draft the agenda of the Board of Directors and notify the Directors, convene the meeting and provide meeting data. If the topic needs recusal for interest, a prior reminder should be given, and the minutes of the Board of Directors meeting should be completed within 20 days after the meeting.</p> <p>6. Assist in handling the affairs of the shareholders' meeting.</p> <p>7. An independent director qualification review is conducted annually, with the results submitted to the Board of Directors. For the year 2023, the results were presented at the 13th session of the 14th term Board of Directors on December 25, 2024.</p>	
V. Does the company establish communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder zones on the company's website, and properly respond to important corporate social responsibility issues concerned by stakeholders?	V		<p>Maintain smooth communication channels with interested parties (including correspondent banks, other creditors, employees, customers, suppliers, etc.) and grasp information at any time to safeguard the legitimate and reasonable rights and interests of both parties; a special area for stakeholders and a contact window are set up on the Company's website to properly respond to and provide important issues of concern to stakeholders.</p> <p>Various important issues of concern.</p> <p>* Investor relations contact window Spokesman: Yong-Xiang Chou, Executive deputy general manager (02)2662-6074 #501 Acting Spokesman: Financial Manager Liu Yaping #301</p> <p>* Customer service window: Complaint Window: North District - Shi-Zhe Lin (02)2322-1769; Central South District - Xin-Xiong Huang (07) 2358069</p> <p>For specific instructions, please refer to the description of stakeholders on pages 59~61 of</p>	No significant difference

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
			this annual report.	
VI. Does the Company appoint a professional stock affairs agency to handle the affairs of the shareholders' meeting?	V		The Company has engaged a professional stock service agent, Capital Jinding Securities Co., Ltd., to assist in handling matters regarding shareholders' meeting.	No significant difference
VII. Information disclosure				No significant difference
(I) Does the Company set up a website to disclose financial business and corporate governance information?	V		(I) The Company's financial, business and corporate governance information has been disclosed in detail in the "investor relations" section of the Company's website, and a special person is responsible for maintaining and updating the data.	
(II) Does the Company adopt other ways of information disclosure (such as setting up an English website, appointing a special person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, placing the Company's website in the process of investor conference presentation, etc.)?	V		(II) The Company has set up websites in both Chinese and English, and has a spokesman (Executive deputy general manager Yong-Xiang Chou) and an acting spokesman (manager Ya-Ping Liu) to uniformly speak the relevant information of the Company to the public. A dedicated unit is also responsible for the collection, disclosure and update of information on shareholders, laws, investment and market. No Investor Conference was held in 2024.	
(III) Does the company announce and report the annual financial report within two months after the end of the fiscal year, and announce and report the financial reports of the first, second and third quarters and the operation of each month before the specified time limit?	V		(III) 1. Although the Company did not announce the annual financial report within two months after the end of the fiscal year, in addition to the company also announced and reported the annual financial report, each quarter financial reports and the operation of each month in advance according to the specified time limit. 2. Please refer to the MOPS (website https://mops.twse.com.tw) for the above relevant information and the company's website (www.crete.com.tw)	

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
VIII. Whether the Company has any other important information to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, Director and supervisors training, risk management policy and risk measurement criteria); (Implementation of the account policy, the Company purchasing liability insurance for Directors and supervisors, etc.)?				
(I) Employee rights and interests:				
<div>1. The remuneration of the company's employees is paid in two forms: cash remuneration and employee remuneration. Cash remuneration includes monthly salary and annual bonus; in addition, according to Article 20 of the articles of association, if there is profit in the year, after making up the losses over the years, the Company will allocate 5% to 10% as the remuneration of employees, give back to employees in the form of cash and / or shares, reward their contributions, and encourage employees to continue their efforts to directly integrate the interests of employees with the interests of shareholders, so as to create a win-win situation for the Company, shareholders and employees. The amount and distribution method of employee remuneration shall be determined by the Remuneration Committee and the Board of Directors and reported at the annual shareholders' meeting. The amount assigned to each employee depends on his / her position, contribution and performance.</div>				
<div>2. The Company holds labor-management meeting every quarter, with representatives from both labor and management to discuss various topics, so as to promote an effective and fair communication mechanism, promote labor and management harmony and create a win-win situation.</div>				
<div>3. There is a sound retirement system and a labor retirement reserve supervision committee.</div>				
<div>4. The working rules of employees have been formulated in accordance with the Labor Standards Act and other relevant laws and regulations, and have been approved and filed by the Labor Affairs Department of New Taipei City government.</div>				
<div>5. On December 25, 2024, the 13th session of the 14th term Board of Directors approved the "Human Rights Policy," and established- The grievance and reporting unit: HR Department, Management Office Physical Mailbox: 7F, No. 250, Sec. 3, Beishen Rd., Shenkeng District, New Taipei City 222, Taiwan Email: hr303@crete.com.tw</div>				
(II) Employee care:				
<div>Employees are not only the assets of the enterprise, but also the driving force for the growth of the company. In addition to providing employees with a safe working environment to avoid injury to employees, the Company also:</div>				
<div>1. Establishes an employee welfare committee to coordinate various welfare measures.</div>				
<div>2. Employees' health examination is carried out every year to promote employees' health.</div>				
<div>3. It is equipped with TV, Karaoke and billiards table to facilitate employees to adjust their body and mind and relieve pressure.</div>				
<div>4. The Company provides the following facility:</div> <div><div>(1) Spinning bike club - the Company purchases 10 spinning bikes, and the employees set their own management and use rules to achieve the effect of sports and fitness.</div><div>(2) Nursing room - create a maternal care and friendly workplace. The factory is equipped with an independent and private nursing room, and provides health education, maternal and infant health information, as well as special cooperation with nearby special nurseries, so as to create a working environment in which female employees are more willing to work while achieving a balance between work and family life.</div><div>(3) One sphygmomanometer is available for employees to monitor their blood pressure as needed.</div></div>				

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
5. Hold health lectures - hire professional doctors to give lectures in the factory				
	Date	Lecturer	Subject	Lecture time
	2024.5.17	New Taipei Community Mental Health Center I-Ting Liao, Counseling Psychologist	Did you have a restful night? Let's Learn How to Sleep Together	1 hour
	2024.9.5	Dr. Tang, Che-Wei, Far Eastern Memorial Hospital	Health Through Listening to Lectures	2 hour
6. On October 16, 2024, the HR Department conducted a two-hour training session for employees on "Measures for Preventing Sexual Harassment in the Workplace, Complaint Procedures, and Disciplinary Regulations."				
7. To ensure that employees can work with peace of mind while also attending to their children's needs, the Company will, starting in September 2024, permit "children in the third grade of elementary school or above, or those who are capable of self-management," to utilize the Company's temporary care facility for studying and waiting quietly for their parents to finish work.				
(III) Investor Relations: To facilitate investors to understand the Company's operating status,				
1. A “spokesperson” system is provided to facilitate direct communication between investors and companies.				
2. Disclosure of company information at "Market Observation Post System" and company website when appropriate.				
(IV) Supplier relationship:				
The company has always maintained a good relationship with suppliers, and has established "supplier management" operating procedures in the internal control system to maintain the supply quality and relationship with suppliers, and treat suppliers in ethical corporate management principles.				
(V) Stakeholder:				
The company respects the rights and interests of stakeholders, identifies the stakeholders of the company, understands their reasonable expectations and needs through appropriate communication methods and the participation of stakeholders, and properly responds to important corporate social responsibility issues concerned by stakeholders. Each department is responsible for the communication with stakeholders and reports to the Board of Directors from time to time.				
Stakeholder	Main issues of concern		Communication channel and response method	
Shareholder	Market image/ economic performance/ compliance with environmental laws and regulations/ environmental assessment of suppliers/ investment/ labor employment relationship/ health and safety of customers/ product and service labeling/ ethical corporate management		1. A shareholders' meeting, held in the second quarter of each year, was held on June 12, 2024. The motion shall be voted on a case by case basis, and shareholders can also exercise their voting rights through electronic means to fully participate in the motion voting process. After the meeting, the voting results of each proposal shall be announced at the MOPS. 2. The annual report of the shareholders' meeting and business report shall be issued every year for investors' reference. 3. Publish the statistics of the previous month's revenue information on the MOPS and the company's website every month. 4. Set up an investor zone on the Company's website to provide other non-financial related information of the Company.	

Evaluation items		Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
		Yes	No	Summary description	
Employee	Labor employment relationship/ non-discrimination/ occupational health and safety/ diversity and equal opportunities/ talent cultivation/ remuneration and welfare system/ ethical corporate management			<ol style="list-style-type: none"> 1. Labor management meetings are held quarterly. 2. An employee welfare committee has been established, and the members are elected by the employees themselves to coordinate various welfare measures. 3. Establish a labor retirement reserve supervision committee to supervise the Company to allocate sufficient old-system pensions to ensure the due welfare of employees. 4. There are educational and training procedures to cultivate talents. 5. Hold emergency response drills every year to urge employees to pay attention to workplace and their own safety. 6. Every year, a professional and qualified medical team is hired to go to the factory and Taipei Branch for health examination for employees, and colleagues in other business offices are arranged to go to the medical institutions with agreed health examination with the company. 	
Supplier	Market image/ economic performance/ compliance with environmental laws and regulations/ labor employment relationship/ labor evaluation of suppliers/ anti-corruption/ ethical corporate management			<ol style="list-style-type: none"> 1. Irregular exchange of visits. 2. There is a supplier's environmental management procedure, and the Purchasing Department conducts environmental surveys in November and December of each year, or from time to time, on suppliers who have cooperated with the Company in the past year and those related to major environmental consideration, and issues the supplier's environmental advocacy notice to urge the supplier to comply with the environmental laws and regulations. 	
Customer	ethical corporate management/ innovation/ supplier environmental assessment/ protection of customer privacy/ business performance/ Marketing communication			<ol style="list-style-type: none"> 1. The customer base of the Channel Business Department is consumers. In addition to the relevant information disclosed on the Company's website, the relationship with customers is to communicate face-to-face with customers through various outlets or participate in various computer exhibitions. 2. System Manufacturing Business Department- <ol style="list-style-type: none"> (1) Hold dealer meetings every year, in addition to introducing the company's new products, so as to contact with customers and understand the 	

Evaluation items			Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
			Yes	No	Summary description	
			operation status of customers in the previous year. The event took place at the Fullon Hotels in Shenkeng, New Taipei City, from September 23 to September 24, 2024. (2) Conduct customer satisfaction survey every year to improve customer service. (3) Assist customers in product technical discussion from time to time. (4) Use E-supply chain system to provide overall supporting services for customer business.			
Government agencies	Business performance/ ethical corporate management/ compliance with environmental regulations/ waste water management/ air pollutant management/ waste management/ compliance with socio-economic regulations/ climate change and energy conservation and carbon reduction/ water resources management		1. Communicate through official documents. 2. Participate in seminars and advocacy meetings organized by the competent authority. 3. Report the information to be announced on MOPS.			
In addition to the above stakeholder communication channels, the Company also has a stakeholder section in the annual report for the shareholders' meeting and the Company's official website to facilitate the selection and reading of stakeholders and the public, and mark the contact channels for stakeholders, hoping to strengthen accessibility, transparency, timeliness, integrity and interaction, so that the Company can understand the issues concerned by stakeholders and respond appropriately, while the feedback will be used as the basis for continuous improvement.						
(VI) Status of Directors' further education:						
1. The directors of the company have industrial professional background and practical experience in operation and management. 2. The Company replaced the supervisor system with an audit committee, so there is no relevant information about the further study of supervisors. 3. Directors' further education						
Title	Name	Study	Organizer	Course name	Hours of education	Whether the study follows the regulations
Chairman	Yi-Tong Shen	2024.12.13	Taiwan Corporate Governance Association	Introduction to the Corporate Governance Personnel Framework and the Role of Legal Professionals in Corporate Governance	3	Yes
		2024.12.20	Taiwan Corporate Governance Association	Essential Knowledge for Directors and Supervisors: How Criminals Exploit Unconventional and Related Party Transactions	3	Yes

Evaluation items		Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies	
		Yes	No	Summary description		
Director	Ming-Xiao Lu	2024.09.12	Taipei Exchange	Internal Shareholder Equity Promotion Seminar for TWSE/TPEX-listed Companies	3	Yes
		2024.09.27	Taipei Bar Association	Current Status and Trends in Sustainability Reporting	3	Yes
Independent director	Yong-Cheng Chun	2024.04.26	Taiwan Corporate Governance Association	How to Understand Financial Statements: A Course for Board Members and Supervisors with Non-Financial Backgrounds	3	Yes
		2024.05.28	Taiwan Corporate Governance Association	The New Generation of Artificial Intelligence: How Chatbot ChatGPT is Transforming Industry Trends	3	Yes
		2024.06.18	Taiwan Corporate Governance Association	Key Insights for Interpreting Financial Reports	3	Yes
Independent director	Jun-Ming Wang	2024.07.19	Taiwan Corporate Governance Association	Best Practices for Exercising Authority by the Audit Committee: A Discussion on the Role of the Convener	3	Yes
		2024.11.01	Taiwan Academy of Banking and Finance	Corporate, Director, and Supervisor Responsibilities and Obligations Under the Securities and Exchange Act	3	Yes
Independent director	Xiao-Long Feng	2024.07.19	Taiwan Corporate Governance Association	Best Practices for Exercising Authority by the Audit Committee: A Discussion on the Role of the Convener	3	Yes
		2024.11.01	Taiwan Academy of Banking and Finance	Corporate, Director, and Supervisor Responsibilities and Obligations Under the Securities and Exchange Act	3	Yes
Director	Representative of Nankang Rubber Tire: Jun-Ying Lin	2024.10.23	Taiwan Corporate Governance Association	Global Trend Analysis: Risks and Opportunities	3	Yes
		2024.11.07	Taiwan Corporate Governance Association	Key Insights Embedded in Financial Statements	3	Yes
Director	Wen-Chun Cai	2024.04.19	Securities and Futures Institute	Corporate Financial Cognition: Behavioral Finance and Corporate Decision-Making	3	Yes
		2024.07.19	Securities and Futures Institute	Introduction to the Dispute Regarding Management Right and the Commercial Case Adjudication Act	3	Yes

Note: Further education Directors and supervisors received referred to the regulations of "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" published by the Taiwan Stock Exchange Corporation.

(VII)Implementation of risk management policies and risk measurement criteria:

Please refer to the "Review and Analysis of Financial Condition and Results of Operations and Risk

Evaluation items	Operation situation			Differences and reasons from the code of practice on corporate governance of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
Matters" note in this annual report.				
(VIII) Enforcement of consumer or customer protection policies: The Company maintains good relationships with customers and provide them with services in accordance with our internal management system, with customer satisfaction as our highest guiding principle.				
(IX) The Company's purchase of liability insurance for Directors and supervisors:				
Insured object		insurance company	Insured amount	Insurance period (start and end)
Directors and managers		Fubon Insurance Co., Ltd.	Limit of liability: US\$5 million	2023/8/1~2024/8/1
Directors and managers		Fubon Insurance Co., Ltd.	Limit of liability: US\$5 million	2024/8/1~2025/8/1
The renewal status in 2024 was reported at the 10th session of the 14th term Board of Directors on August 7, 2024.				
IX. Please explain the improvement of the corporate governance evaluation results released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and put forward priority strengthening matters and measures for those that have not been improved: The results of the tenth (2023) corporate governance evaluation, the Company is 51% to 65% of counter companies. After the annual evaluation results are announced, the Company will review items that have not yet met the evaluation criteria, and adjust and improve gradually. * In addition to adjusting the content of the updated annual report and the Company's website disclosure, the Company was also invited to attend corporate briefings and disclose information (such as shareholders' meetings and financial reports) in English to enhance transparency and reduce asymmetry in 2022. * In terms of strengthening the structure and operation of the Board, amendments to the Articles of Association, nominating Directors, setting up information security officers and personnel, and corporate governance supervisors have been passed. * The Sustainable Development Department was established as a dedicated unit on January 1, 2024, with the aim of promoting sustainable development. The department provides quarterly reports to the Board of Directors to ensure effective supervision.				

◆ Evaluation form of CPAs' independence and competence in 2025

CPAs' independence evaluation form

Assessment date: December 19, 2024

Evaluation year: 2025

Name of CPAs firm: KPMG

Name of CPAs: Ching-Wen Kao, Tzu-Chieh Tang

Item	Evaluation items	Yes	No
1	The CPAs have no direct or significant indirect financial interest relationship with the Company.	V	
2	There is no significant close business relationship between the CPAs and the Company.	V	
3	There is no potential employment relationship between the CPAs and the Company.	V	
4	The CPAs shall ensure the ethics, impartiality and independence of their assistants.	V	
5	The CPAs did not receive presents or gifts of significant value from the Company and its Directors and managers (their value did not exceed the general standards of social etiquette).	V	
6	The CPAs have not made any pecuniary borrowing with the Company.	V	
7	The CPAs have not concurrently engaged in other businesses that may lose their independence.	V	
8	The CPAs did not receive any commission related to business.	V	
9	The CPAs did not hold the shares of the Company.	V	
10	The CPAs are not concurrently engaged in the regular work of the Company with fixed salaries.	V	
11	The CPAs have no relationship with the Company to jointly invest or share interests.	V	
12	The CPAs have no management function related to the decision-making of the Company.	V	
13	The CPAs have not served as Directors or managers of the Company or have a significant impact on audit cases at present or within the last two years; they are also determined that they will not hold the above-mentioned relevant positions in the future.	V	
14	During the audit period, the CPAs and their spouses or dependent relatives did not serve as a Director or manager of the Company or have a direct and significant impact on the audit work.	V	
15	So far, they have not been punished or undermined the principle of independence.	V	


Evaluation results:


According to the Independence Declarations issued this year by CPA Ching-Wen Kao and CPA Tzu-Chieh Tang of KPMG Taiwan, as well as the Audit Quality Indicators provided by the firm—covering five key dimensions (professional competence, quality control, independence, supervision, and innovation) and 13 indicators—and with reference to Article 47 of the Certified Public Accountant Act and the provisions of bulletin of code of professional ethics No. 10, a comprehensive assessment has concluded that the auditors are objectively independent, possess professional competence, and demonstrate excellent audit quality.


(IV) Composition, duties and operation of the Remuneration Committee

Information of Remuneration Committee Membership

March 31, 2025

Identity	Name	Condition	Professional qualifications and experience	Independence	Number of members of remuneration committees of other public companies
Independent director/ Convener	 Jun-Ming Wang		<ol style="list-style-type: none"> 1. Passed the special examination of customs affairs; Customs Administration Ministry of Finance Taipei Customs, finance manager of Easy International Marketing Corporation, chairman and general manager of Precision Mfg. Inc. 2. Working experience in business, finance, accounting and company business 3. Mr. Jun-Ming Wang is a member of the Audit Committee and the Remuneration Committee and has accounting or financial expertise. He graduated from the College of Business and Management, Tamkang University has worked as a financial manager for many years 4. No any circumstance under Article 30 of the Company Act 	<ol style="list-style-type: none"> 1. Not an employee of the Company or its affiliated enterprises 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act 6. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares. 7. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company. 8. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or 	None

Condition		Professional qualifications and experience	Independence	Number of members of remuneration committees of other public companies
Name	Identity			
			<p>shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company.</p> <p>9. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the latest two years</p> <p>10. Not a spouse or a relative within the second degree of kinship with any Director</p> <p>11. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</p>	
Independent director	 Yong-Cheng Chun	<p>1. passed the examination for lawyers and the special examination for magistrates; practicing lawyer of Yong-Cheng Chun (Zhisheng) Law Firm</p> <p>2. Professional and technical personnel who have passed the examination of lawyers and magistrates, and work experience required for business, legal affairs, finance, accounting and company business</p> <p>3. A member of the Audit Committee and the Remuneration Committee and has no circumstances under Article 30 of the Company Act</p>	<p>1. Not an employee of the Company or its affiliated enterprises</p> <p>2. Not a director or supervisor of the Company or any of its affiliates.</p> <p>3. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person’s spouse, minor children, or in the name of others.</p> <p>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items</p> <p>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act</p> <p>6. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares.</p>	None

<div> <div>Condition</div> <div>Name</div> <div>Identity</div> </div>		Professional qualifications and experience	Independence	Number of members of remuneration committees of other public companies
			<p>7. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company.</p> <p>8. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company.</p> <p>9. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the latest two years</p> <p>10. Not a spouse or a relative within the second degree of kinship with any Director</p> <p>11. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</p>	
Independent director	 Xiao-Long Feng	<p>1. Reporter of Broadcasting Corporation of China (BCC), interview team leader, general editor and Director, manager of news department and Director of BCC, spokesman of BCC, Director of Satellite Television Broadcasting Association, R.O.C., Director of China Journalism Society, part-time lecturer of Department of Radio, Television and Film and Department of Journalism and part-time assistant professor of Shih Hsin University, part-time lecturer of Mass Communication</p>	<p>1. Not an employee of the Company or its affiliated enterprises</p> <p>2. Not a director or supervisor of the Company or any of its affiliates.</p> <p>3. Not a natural-person shareholder who holds more than 1% of issued shares or is ranked top 10 in terms of the total quantity of shares held, including the shares held in the name of the person's spouse, minor children, or in the name of others.</p> <p>4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship in the three preceding items</p> <p>5. Not a director, supervisor, or employee of a corporate shareholder that directly holds greater than 5% of the total number of issued shares of the company or is ranked top 5 in</p>	None

<div> <div>Condition</div> <div>Name</div> <div>Identity</div> </div>		Professional qualifications and experience	Independence	Number of members of remuneration committees of other public companies
		<p>and Department of Journalism of Fu Jen Catholic University</p> <p>2. Working experience in business, finance, accounting and company business</p> <p>3. A member of the Audit Committee and the Remuneration Committee and has no circumstances under Article 30 of the Company Act</p>	<p>terms of quantity of shares held or appoints the representative as director or supervisor of the company under Paragraphs 1 or 2, Article 27 of the Company Act</p> <p>6. Not a Director - a member of the governing board or a Director, supervisor, or employee of another company controlled by the same person having a majority of voting shares.</p> <p>7. Not a Director (member of the governing board), supervisor (member of the supervising board), or employee who or whose spouse is the same person as the chairman or president or has an equivalent position of the Company.</p> <p>8. Not a Director (member of the governing board), supervisor (member of the supervising board), managerial officer, or shareholder holding 5% or more shares of any affiliated company or institution with financial services or financial operations with the Company.</p> <p>9. Not a person that provides audit or commercial, legal, financial, accounting, or other services to the Company and any affiliated company for remuneration from the latest two years</p> <p>10. Not a spouse or a relative within the second degree of kinship with any Director</p> <p>11. Where the person is not elected in the capacity of the government, a juristic person, or a representative thereof as provided in Article 27 of the Company Act.</p>	

Operation of Remuneration Committee

- I. The Remuneration Committee of the Company consists of three members.
- II. Term of office of the current (4th term) member: June 14, 2023 to June 13, 2026.
The Remuneration Committee has held 3 meetings (A) in recent years. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance (B)	Number of delegated attendance	Actual attendance (%) (B/A)	Remark
Convener	Jun-Ming Wang	3	0	100	
Committee member	Yong-Cheng Chun	3	0	100	
Committee member	Xiao-Long Feng	3	0	100	

Other matters to be recorded:

- I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it shall state the date, term, content of the proposal, the resolution results of the Board of Directors and the Company's handling of the opinions of the Remuneration Committee (if the remuneration passed by the Board of Directors is better than the recommendations of the Remuneration Committee, it shall state the differences and reasons):
There are no circumstances in which the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee.
- II. For the decisions of the Remuneration Committee, if the members of the Remuneration Committee have objections or reservations and have records or written statements, the date, term, content of the proposal, opinions of all members and the handling of the opinions of members shall be stated:
No member has any objection or reservation.
- III. Evaluation cycle and period, evaluation scope, method and evaluation content of the Remuneration Committee's self-evaluation:
 - (I) Perform the performance evaluation of the Board of Directors and functional committees in accordance with the Company's "board performance evaluation measures".
 - (II) Evaluation cycle: the performance evaluation of the internal Board of Directors shall be carried out at least once a year.
 - (III) Evaluation period: from January 1, 2024, to December 31, 2024.
 - (IV) Evaluation scope: including the performance evaluation of the overall Board of Directors, individual board members and functional committees.
 - (V) Evaluation method: self-evaluation, including internal self-evaluation of the Board of Directors and functional committees and self-evaluation of board members.
 - (VI) Rating: excellent / very agreeable, 5 points; Excellent / agreed 4 points; Medium / ordinary 3 points; Poor / disagree 2 points; Extremely poor / very disagree 1 point

(VII) Performance evaluation results of the Remuneration Committee: excellent

In the performance evaluation of the Remuneration Committee, the measurement results cover five aspects, the total number of questions is 21, and the average score of each aspect is 4.75 (the full score is 5).

Measurement items	Number of questions	Average score in 2024	Evaluation results
A. Participation in the operation of the Company	4	4.75	
B. Awareness of Remuneration Committee Responsibilities	4	4.67	
C. Improvement on the decision-making quality of the Remuneration Committee	7	4.76	
D. Composition and member selection of Remuneration Committee	3	4.89	
E. Internal controls	3	4.67	
Total / average	21	4.75	Excellent

(VIII) Conclusion:

According to the evaluation results, the organization and operation of the Remuneration Committee is good. The Company will continue to refine the functions of the Remuneration Committee to improve the effectiveness of corporate operation and corporate governance.

IV. Key Resolutions for the 2024 Remuneration Committee

Date of Remuneration Committee	Content of proposal	Member opinion	Handling of opinions
The 3rd session of the 5th term -2024.02.23	1. Review the performance evaluation of the Company's directors and managers in 2023 2. Reviewed the proposal on the remuneration of Directors and employees of the Company in 2023 3. Review the Company's salary adjustment plan for 2024 4. Review the salary adjustment evaluation of managers of the Company in 2024	No objection and reservation	None
The 4th session of the 5th term 2024.07.12	1. The Company's 2023 directors' remuneration distribution plan 2. Remuneration distribution plan of the Company's managers in 2023 3. Amendments to the Company's "Measures for the Management of Directors' and Managers' Remuneration"	No objection and reservation	None
The 5th session of the 5th term 2024.12.13	1. Review of the remuneration of directors and managers of the company in 2024	No objection and reservation	None

(V) Implementation of promoting sustainable development and differences with the code of practice for sustainable development of TWSE/TPEx-listed companies and reasons:

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEx-listed companies						
	Yes	No	Summary description							
I. Does the Company establish a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is handled by the senior management authorized by the Board of Directors, and the supervision of the Board of Directors?	√		<p>On January 1, 2024, the Company established the Sustainable Development Department, which is organized into three functional groups. The Department is authorized by the Board of Directors and led by Vice General Manager Yong-Xiang Chou, who serves as the convener of the Sustainability Promotion Group. The conveners of each functional group are the highest management officials of the corresponding departments within the company. Currently, the three functional groups are: Corporate Governance, Social Responsibility, and Sustainable Environment. The Department of Sustainable Development convenes at least one meeting each year to establish annual sustainable development policies and to review the implementation of various sustainable development initiatives.</p> <p>★ On March 13, 2024, the 6th meeting of the 14th Board of Directors reported the implementation of the 2024 first quarter as follows: Parent Company: Effective January 1, 2024, the Sustainable Development Department was established. Former full-time employee, Pao-Kuo Shih, has been succeeded Pi-Chin Liao from this department. Subsidiary - Flexbasis: Former full-time employee, Yen-Ching Chang, has departed from the Company and has been succeeded Hsiao-Han Chen from the HR Department.</p> <p>* Parent company From January to February 2024, we invited consulting firms to present their proposals. Preliminary information indicates that the advisory process will take approximately 9 months to 1 year. We plan to submit an evaluation report by the end of March, after which we will decide which consulting firm will provide the advisory services.</p> <p>* Subsidiary - Flexbasis Technology Inc.</p> <table><tr><th>Course name</th><th>Class Date</th><th>Class Units</th></tr><tr><td>Corporate Operational Planning in Response to Carbon Inventory</td><td>01/11</td><td>Deloitte & Touche</td></tr></table>	Course name	Class Date	Class Units	Corporate Operational Planning in Response to Carbon Inventory	01/11	Deloitte & Touche	No significant difference
Course name	Class Date	Class Units								
Corporate Operational Planning in Response to Carbon Inventory	01/11	Deloitte & Touche								

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEx-listed companies																					
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			<table><tr><td>Examples of Energy-Saving and Carbon-Reducing Product Design and AI Optimization Design</td><td>02/20</td><td>Altair Engineering Inc.</td></tr><tr><td>Complying with government regulations on energy conservation and implementing energy efficiency solutions</td><td>03/12</td><td>NEGUTECH</td></tr><tr><td>Don't Get Kicked Out of the Supply Chain: Start with Proper Carbon Disclosure!</td><td>03/05</td><td>Ahead International Management Consulting CO., LTD</td></tr></table> <p>* Subsidiaries MilDef Crete Australasia Pty. Ltd</p> <table><tr><td>Course name</td><td>Class Date</td><td>Class Units</td></tr><tr><td>A Practical Path to Net Zero Carbon Emission</td><td>02/02</td><td>DINGXIN COMPUTER</td></tr></table> <p>★ On May 8, 2024, the 8th meeting of the 14th Board of Directors reported the implementation as follows:</p> <p>* Parent company</p> <p>※ All consulting firms have submitted advisory contracts, and discussions regarding the terms of these contracts are ongoing.</p> <p>※ Participated in the 4th ESG Sustainable Taiwan Summit on March 14, 2024, and the Digital Sustainability Summit 2024 on March 29, 2024, with the goal of leveraging digital advantages to promote sustainability and low-carbon initiatives.</p> <p>* Subsidiary - Flexbasis Technology Inc.</p> <table><tr><td>Course name</td><td>Class Date</td><td>Class Units</td></tr><tr><td>Enhancing Corporate Competitiveness through Sustainable Operations – Delta's Energy Conservation and Carbon Reduction</td><td>04/03</td><td>DELTA ELECTRONICS, INC. (Enterprise)</td></tr></table>	Examples of Energy-Saving and Carbon-Reducing Product Design and AI Optimization Design	02/20	Altair Engineering Inc.	Complying with government regulations on energy conservation and implementing energy efficiency solutions	03/12	NEGUTECH	Don't Get Kicked Out of the Supply Chain: Start with Proper Carbon Disclosure!	03/05	Ahead International Management Consulting CO., LTD	Course name	Class Date	Class Units	A Practical Path to Net Zero Carbon Emission	02/02	DINGXIN COMPUTER	Course name	Class Date	Class Units	Enhancing Corporate Competitiveness through Sustainable Operations – Delta's Energy Conservation and Carbon Reduction	04/03	DELTA ELECTRONICS, INC. (Enterprise)	
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Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEX-listed companies																		
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			<table><tr><td>Operational and Strategic Planning for Small and Medium Enterprises in Response to Achieving Net Zero Carbon Emissions</td><td>04/22</td><td>Deloitte & Touche</td></tr><tr><td>Managing Carbon Footprint and Enhancing Competitiveness in the Era of Net Zero</td><td>05/06</td><td>HeCheng CPA Firm</td></tr></table> <p>* Subsidiaries MilDef Crete Australasia Pty</p> <table><tr><td>Course name</td><td>Class Date</td><td>Class Units</td></tr><tr><td>A Practical Path to Net Zero Carbon Emission (Emissions Control and Green Electricity Procurement)</td><td>04/11</td><td>DINGXIN COMPUTER</td></tr></table> <p>★ On August 7, 2024, the 10th meeting of the 14th Board of Directors reported the current implementation of the inventory planning as follows:</p> <p>* Parent company</p> <p>※ On May 29, 2024, a contract was signed between KPMG Taiwan and our organization, under which KPMG Taiwan would assist in preparing the 2024 Sustainability Report. Starting in August 2024, guidance will be provided according to the schedule planned by KPMG. Additionally, we will continue to participate in ESG and greenhouse gas inventory-related courses organized by other entities, with the aim of acquiring new knowledge.</p> <p>※ Effective immediately, the Australian subsidiary will align with the progress set by the parent company and will no longer provide separate reports.</p> <p>* Subsidiary - Flexbasis Technology Inc.</p> <table><tr><td>Course name</td><td>Class Date</td><td>Class Units</td></tr><tr><td>Industry Green Technology</td><td>06/03</td><td>Department of Atmospheric</td></tr></table>	Operational and Strategic Planning for Small and Medium Enterprises in Response to Achieving Net Zero Carbon Emissions	04/22	Deloitte & Touche	Managing Carbon Footprint and Enhancing Competitiveness in the Era of Net Zero	05/06	HeCheng CPA Firm	Course name	Class Date	Class Units	A Practical Path to Net Zero Carbon Emission (Emissions Control and Green Electricity Procurement)	04/11	DINGXIN COMPUTER	Course name	Class Date	Class Units	Industry Green Technology	06/03	Department of Atmospheric	
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Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEx-listed companies																								
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			<table><tr><td>Enhancement Program</td><td></td><td>Environment, Ministry of Environment</td></tr><tr><td>Guidance Program for Promoting Net Zero Carbon Emissions in Small and Medium-Sized Resource Recycling Industries</td><td>06/17</td><td>Information on Energy Conservation and Carbon Reduction in the Greenhouse Gas Industry</td></tr><tr><td>Embracing the Era of Carbon Pricing: Immediately Initiating a Dual-Axis Transformation Driven by Energy Management to Assess Carbon Footprint</td><td>07/23</td><td>DINGXIN COMPUTER</td></tr></table> <p>★ On November 6, 2024, the 12th meeting of the 14th Board of Directors reported the current implementation of the inventory planning as follows:</p> <p>* Parent company Detailed Explanation as Follows - Coaching Phase: September to October 2024</p> <p>* Subsidiaries Flexbasis Technology Inc.</p> <table><tr><td>Course name</td><td>Class Date</td><td>Class Units</td></tr><tr><td>Key Strategies for Energy Conservation and Achieving Net Zero Carbon Emissions</td><td>09/02</td><td>Corporate ESG Handbook</td></tr><tr><td>Net Zero Carbon Emission Energy Management Standards</td><td>09/19</td><td>Apala Taiwan Corp.</td></tr><tr><td>Strategies for Small and Medium Enterprises to Achieve Cost-Effective Greenhouse Gas Reduction Goals</td><td>10/08</td><td>YC Holdings Inc.</td></tr><tr><td>Internal Promotion Actions and Proposal Framework for Low-Carbon Transition</td><td>10/31</td><td>Plastics Industry Development Center</td></tr></table>	Enhancement Program		Environment, Ministry of Environment	Guidance Program for Promoting Net Zero Carbon Emissions in Small and Medium-Sized Resource Recycling Industries	06/17	Information on Energy Conservation and Carbon Reduction in the Greenhouse Gas Industry	Embracing the Era of Carbon Pricing: Immediately Initiating a Dual-Axis Transformation Driven by Energy Management to Assess Carbon Footprint	07/23	DINGXIN COMPUTER	Course name	Class Date	Class Units	Key Strategies for Energy Conservation and Achieving Net Zero Carbon Emissions	09/02	Corporate ESG Handbook	Net Zero Carbon Emission Energy Management Standards	09/19	Apala Taiwan Corp.	Strategies for Small and Medium Enterprises to Achieve Cost-Effective Greenhouse Gas Reduction Goals	10/08	YC Holdings Inc.	Internal Promotion Actions and Proposal Framework for Low-Carbon Transition	10/31	Plastics Industry Development Center	
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Promoted items		Implementation		Differences and reasons between the code of practice for sustainable development of TWSE/ TPEx-listed companies
		Yes	No	
Item	Education and Training	Content		
1	8/29	<ul style="list-style-type: none">Covering the basic concepts of the GRI standards.Practical Identification of Stakeholders and Material Issues.A stakeholder and material issue identification form was used to conduct research and collect relevant data, ensuring the comprehensiveness and objectivity of the report's content.		
2	10/7	<ul style="list-style-type: none">This report highlights the Task Force on Climate-related Financial Disclosures (TCFD), which aims to promote transparency and consistency among organizations concerning risks and opportunities associated with climate change. It encompasses the four core pillars of TCFD: Governance, Strategy, Risk Management, and Metrics and Targets.Explanation of the key points and requirements for the indicators outlined in Appendix II of the operational guidelines.The inclusion of "climate change" as a significant topic in the environmental section of the 2024 Sustainability Report aims to explore how these elements can help companies assess climate-related financial risks and develop corresponding disclosure strategies.		
Note: Actively participating in ESG and greenhouse gas inventory courses organized by the competent authority and other organizations. This participation aims to continually expand the knowledge base and enhance professional skills to ensure compliance with the latest regulatory requirements.				
II.	Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓	In accordance with the principle of materiality, the Company conducts risk assessments on environmental, social, and governance (ESG) issues relevant to its operations, serving as a reference for the Company’s risk management and business strategies. For key issues related to corporate governance, environmental, and social aspects, the Sustainable Development Task Force is responsible for planning and implementing various improvement projects. These initiatives were approved at the 12th session of the 14th Board of Directors on November 6, 2024. In light of the assessed risks, appropriate risk policies have been established. Please refer to Note 1 for further details.	No significant difference
III. (I)	Environmental issues Does the Company establish an appropriate environmental management system according to its industrial characteristics?	✓	1. In order to fulfill the corporate responsibility of environmental protection and taking care of the safety and health of colleagues, and based on the conscious awareness of environmental protection, the management needs of pollution prevention and control, and the responsibility of environmental protection and social responsibility, the Company established an environmental management system according to the requirements of ISO-14001 International standard in 2003, passed the	No significant difference

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEx-listed companies
	Yes	No	Summary description	
			<p>ISO-14001 environmental management system certification in October 2005, and incorporated RoHS production into the ISO14001 system in 2006 to set environmental sustainability objectives and regularly review progress. Through the operation of the environmental management system (ISO14001), it also has an "environmental manual" and relevant management procedures according to its own industrial characteristics, holds an environmental management review meeting every six months, and is audited by external units to the factory every year. And we continue to pay attention to the revision of relevant laws and regulations, so that the Company can formulate countermeasures in time, achieve the purpose of effectively controlling environmental risks, and improve employees' awareness of harmful substances and emergency response ability.</p> <p>2. The Company is committed to promoting smoke prevention and health promotion in the workplace. It has been assessed by the Health Promotion Administration, MOHW as meeting the Tex Year Award Badge of Accredited Healthy Workplace.</p> <p>3. Certificate related information</p> <ul style="list-style-type: none"> * ISO 9001- Issued by: Taiwan Products Testing and Certification Center Certificate No.: 3EAY017-04 Date of issue: September 23, 2022 Term of validity: September 22, 2025 * ISO 14001- Issued by: Taiwan Products Testing and Certification Center Certificate No.: 3EAE002-04 Date of issue: September 23, 2022 Term of validity: September 22, 2025 * Health Activation Badge of Accredited Healthy Workplace Certificate No.: HPAB1101034 Date of issue: February 14, 2022 Term of validity: January 1, 2022 to December 31, 2024 	
(II) Is the company committed to improving energy efficiency and using	✓		The Company actively promotes waste classification, resource recycling, and the implementation of energy-saving equipment in the office, while continuously advancing measures for	No significant difference

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEx-listed companies																		
	Yes	No	Summary description																			
recycled materials with low impact on environmental load?			energy conservation and carbon reduction. We enforce stringent management of generated waste and regularly transport household garbage, aiming to minimize environmental impact. Furthermore, beginning in May 2024, we will gradually implement the BPM electronic signature system to reduce paper usage, enhance work efficiency, and further promote environmental protection and resource conservation.																			
(III) Does the company evaluate the potential risks and opportunities of climate change to enterprises now and in the future, and take relevant countermeasures?	✓		The Company is continuously evaluating the impact of climate change on its current and future operations. For further details, please refer to pages 84 to 91 of the annual report.	No significant difference																		
(IV) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for greenhouse gas reduction, water reduction or other waste management?	✓		<div>1. The statistics of the head office and factories in 2024 and 2023 are as follows:</div> <table><tr><th>Item</th><th>Fiscal Year 2024</th><th>Fiscal Year 2023</th></tr><tr><td>General solid waste volume - hazardous substances (ton)</td><td>2.4</td><td>2.6</td></tr><tr><td>Wood pallet clearing and transportation (3.5 tons/ vehicle)</td><td>18 trucks</td><td>20 trucks</td></tr><tr><td>Plant carbon dioxide (Legal 5,000ppm)</td><td>Date of inspection: October 30 470~830</td><td>Date of inspection: June 30 422~625</td></tr><tr><td>Water consumption (degree)</td><td>2,537</td><td>2,169</td></tr><tr><td>Lead concentration in air</td><td>0.00350 mg/m3</td><td>0.00283 mg/m3</td></tr></table> <div>2. The above data is our own outsourced testing and statistics, and has not been certified by third parties.</div> <div>3. In 2024, the continued renovation of factory buildings, increased rental costs for factory spaces, and the hiring of additional staff have resulted in higher carbon dioxide emissions, water usage, and lead concentrations in the air compared to 2023.</div>	Item	Fiscal Year 2024	Fiscal Year 2023	General solid waste volume - hazardous substances (ton)	2.4	2.6	Wood pallet clearing and transportation (3.5 tons/ vehicle)	18 trucks	20 trucks	Plant carbon dioxide (Legal 5,000ppm)	Date of inspection: October 30 470~830	Date of inspection: June 30 422~625	Water consumption (degree)	2,537	2,169	Lead concentration in air	0.00350 mg/m3	0.00283 mg/m3	No significant difference
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IV. Social issues (I) Does the Company formulate relevant management policies	✓		To uphold our commitment to respecting human rights, the Company strictly adheres to domestic labor regulations. In 2024, we established a	No significant difference																		

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEx-listed companies
	Yes	No	Summary description	
and procedures in accordance with relevant laws and regulations and International Bill of Human Rights?			<p>"Human Rights Policy," which was approved and announced at the 13th session of the 14th Board of Directors on December 25, 2024. This policy serves as the guiding principle for our human rights governance. The Company supports and adheres to the principles and spirit of international human rights conventions, including the United Nations' "Universal Declaration of Human Rights," the "Global Compact," and the International Labour Organization's "Declaration on Fundamental Principles and Rights at Work." This commitment is a core aspect of our ESG policies and mission. Additionally, the Company has implemented the "measures for appeal and punishment of sexual harassment prevention measures in the workplace" and the "Preventive Measures Against Illegal Infringement During the Execution of Duties" to safeguard the rights and privacy of its employees.</p> <p>The human rights policy of the Company is outlined as follows:</p> <ol style="list-style-type: none"> 1. Foster a fair working environment while promoting diversity and inclusion 2. Opposition to Discrimination, Bullying, and Harassment 3. Respect for Human Rights in the Workplace 4. Health and Safety in the Workplace 5. Implementation of Information Security 6. Promoting Harmony Between Labor and Management 7. Complaint Reporting <p>The relevant management policies and procedures are detailed in the respective sections of the annual report</p>	
(II) Does the Company formulate and implement reasonable employee welfare measures (including remuneration, vacation and other benefits), and properly reflect the business performance or results in the employee remuneration?	✓		<ol style="list-style-type: none"> 1. The salary and remuneration policy of employees is determined based on personal ability, contribution to the Company, performance, competitiveness and future operation risks of the Company. Article 20 of the articles of association of the Company stipulates that if the company makes profits in the year, it shall allocate 5% ~ 10% as the remuneration of employees, which shall be distributed in shares or cash by resolution of the Board of Directors. 2. It has formulated the "employee work rules", "performance appraisal measures", "reward and punishment measures", "overtime and compensatory leave management measures", "employee retirement management measures", 	No significant difference

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
			"employee leave management measures", "wedding and funeral greetings management measures" and "education and training procedures". In addition to advocating relevant corporate ethics, employee performance, reward and punishment systems, it also lists talents, systems and forward-looking deployment as assessment indicators, echoing the important mission of corporate social responsibility and people-oriented enterprise sustainable development, in order to enhance the company's future competitiveness.	
(III) Does the company provide a safe and healthy working environment for employees and regularly implement safety and health education for employees?	√		<ol style="list-style-type: none"> 1. For many years, the Company has set up an environment-friendly, safe and healthy workplace in accordance with the requirements of relevant laws and regulations such as environmental protection, occupational safety, fire control and Ionizing radiation, as well as the results of environmental impact and safety risk assessment. 2. An emergency response drill is conducted annually at the facility. In 2024, the drill was completed on October 9. The training included CPR instruction, guidance on escape routes, opening safety doors, and the use of fire extinguishing equipment. Instructor Wan-Ching Wang from the Taiwan Disaster Prevention Evacuation Association was invited to provide guidance, with a total of 25 participants attending. 3. We send personnel to participate in the fire prevention / fire fighting / refuge retraining held by the park management committee. In 2024, a total of 11 individuals participated on April 24. 4. The annual health examination was carried out on February 21, 2024: general health examination: 253 people were examined; including health examination for special operations: (1) ionizing radiation: 6 persons tested (2) lead: 24 persons tested. 5. The Company is committed to promoting smoke prevention and health promotion in the workplace. It has been assessed by the Health Promotion Administration, MOHW as meeting the Ten Year Award Badge of Accredited Healthy Workplace. 6. In 2024, one employee workplace injury 	No significant difference

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
			<p>occurred, accounting for a rate of 0.34% of the total employee count (293 people), and the Company has assisted in proper handling.</p> <p>7. No fire incidents occurred in 2024.</p>	
(IV) Does the company establish an effective career competency development training plan for employees?	√		<p>1. The Company has established "education and training procedures" to improve the quality of employees and enhance employees' professional knowledge and skills.</p> <p>2. The Company's education and training is divided into pre-service training and on-the-job training.</p> <p>Pre-service training: It is divided into general pre-service training and pre-service training within the department.</p> <p>I. General pre-service training: That is, the training of new employees is directly handled by the HR unit. The purpose is to guide new employees to be familiar with the working environment and relevant regulations, so as to integrate into the company's organizational culture. The training contents include:</p> <p>(I) Description and introduction of the company's historical evolution.</p> <p>(II) According to the "company organization and rights and responsibilities operating procedures", employees can understand the rights, responsibilities and responsibilities of the unit.</p> <p>(III) According to the instructions of "employee work rules", employees can understand the Company's management rules and regulations</p> <p>(IV) Publicize the company's quality policy, environmental policy and quality objectives.</p> <p>(V) Description of various welfare measures of the company.</p> <p>(VI) Advocate the "code of practice on labor safety and health" to prevent occupational disasters.</p> <p>(VII) Advocate "emergency response management procedures" to reduce disaster losses.</p> <p>(VIII) Other specified or advocated policy descriptions.</p> <p>II. Pre-service training within the department:</p>	No significant difference

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEx-listed companies
	Yes	No	Summary description	
			<p>The hiring supervisor shall assign senior or professional personnel to guide the new employees, and provide pre-service guidance according to the specific work needs of the department, so that the employees can learn the situation immediately.</p> <p>On the job training: Since the compliance with product quality requirements will be directly or indirectly affected by the implementation of relevant staff, the heads of each unit may consider the work of employees and provide relevant professional knowledge or skill training to cultivate their ability. Training methods can be divided into internal training and external training.</p> <p>I. Internal training includes unit training or cross departmental training, project training, lectures or lectures given by scholars or experts to the company, and online platform teaching training.</p> <p>II. External training may be assigned by the Company or applied for by employees, and subsidy measure applied by employees has been stipulated.</p> <p>3. Annual training hours planning: (1) manager, deputy manager, section chief, specialist, secretary and engineer: 24h / year (2) team leader, assistant, technician and other direct employees: 24h / year</p> <p>4. For details, please refer to page 131-134 of this annual report.</p>	
(V) Does the company comply with relevant laws and regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and complaint procedures to protect the rights and interests of consumers or	✓		<p>1. The Company adheres to relevant regulations and international standards in the marketing and labeling of products and services, ensuring compliance with customer needs and legal requirements. This includes the application of safety regulations in various countries, control of hazardous substances, and management of electromagnetic interference (EMI), among others. We are committed to enhancing customer satisfaction and closely monitoring international environmental regulations to remain informed of the latest regulatory trends.</p> <p>2. The Company's "code of ethical corporate management" stipulates that the Company's employees shall abide by the relevant laws and regulations on intellectual property,</p>	No significant difference

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEX-listed companies																											
	Yes	No	Summary description																												
customers?			standardize business activities and protect the rights and interests of consumers in accordance with applicable laws and regulations and international standards. 3. The Company has nine internal control cycles to standardize each operation process. In order to protect the rights and interests of consumers, a customer service department is set up to protect the rights and interests of consumers or customers. The customer complaint contact window is marked on the Company's website (www.crete. com.tw). Complaint Window: North District, Shi-Zhe Lin, Phone: (02)2322-1769 Central South District (07) 2358069 AVP Xin-Xiong Huang.																												
(VI) Does the company formulate supplier management policies to require suppliers to comply with relevant regulations and their implementation on environmental protection, occupational safety and health or labor human rights?	√		<p>The Company has implemented a "supplier evaluation method" to ensure the stability of the materials utilized. We conduct regular assessments of our suppliers to verify compliance with regulations, green product requirements, and company standards. If it is determined that the supplier does not adhere to the "supplier evaluation method," the Purchasing Department will terminate or dissolve the partnership with the supplier as deemed appropriate.</p> <p>For 234 qualified suppliers in 2024, the evaluation results are as follows -</p> <table><tr><th>Item</th><th>Qualified number</th><th>% of suppliers</th></tr><tr><td>Environmental Promotion Notification Form</td><td>234</td><td>100</td></tr><tr><td>Letter of commitment for environmental restricted substances of green products</td><td>205</td><td>88</td></tr><tr><td>Conflict-Free Minerals Statement</td><td>219</td><td>94</td></tr><tr><td>Magnets and Tungsten Declaration</td><td>196</td><td>84</td></tr><tr><td>Integrity Statement</td><td>225</td><td>96</td></tr><tr><td>Location - Taiwan</td><td>225</td><td>96</td></tr><tr><td>On-Site Visit</td><td>42</td><td>18</td></tr><tr><td colspan="3">Average Delivery Quality 98.4%</td></tr></table>	Item	Qualified number	% of suppliers	Environmental Promotion Notification Form	234	100	Letter of commitment for environmental restricted substances of green products	205	88	Conflict-Free Minerals Statement	219	94	Magnets and Tungsten Declaration	196	84	Integrity Statement	225	96	Location - Taiwan	225	96	On-Site Visit	42	18	Average Delivery Quality 98.4%			No significant difference
Item	Qualified number	% of suppliers																													
Environmental Promotion Notification Form	234	100																													
Letter of commitment for environmental restricted substances of green products	205	88																													
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Integrity Statement	225	96																													
Location - Taiwan	225	96																													
On-Site Visit	42	18																													
Average Delivery Quality 98.4%																															

Promoted items	Implementation			Differences and reasons between the code of practice for sustainable development of TWSE/ TPEX-listed companies
	Yes	No	Summary description	
V. Does the company refer to the internationally accepted standards or guidelines for the preparation of reports to prepare sustainability reports and other reports that disclose the company's non-financial information? Has the disclosure report obtained the confirmation or assurance opinion of the third-party verification unit?		✓	The Company has not yet prepared a sustainability report. However, in accordance with the "Regulations for OTC Listed Companies on Preparing and Disclosing Sustainability Reports" issued by the Taipei Exchange, we have begun drafting the sustainability report. The report is being developed with reference to the universal standards, industry-specific guidelines, and materiality criteria published by the Global Reporting Initiative (GRI).	No significant difference
VI. If the company has its own sustainable development code in accordance with the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the differences between its operation and the established code: The Company has established a Sustainable Development Best Practice Principles in November 2024, which does not significantly differ from the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies." For the sustainable development operation of the company, please refer to the above description.				
VII. Other important information helpful to understand the implementation of promoting sustainable development: As a company focused on the manufacturing of industrial computers and the sales of commercial computers, we are acutely aware of the impact that product design, development, and sales processes have on the environment and resources. To achieve sustainable operations, we are committed to improving service quality, extending product lifespan, and optimizing product performance, while actively reducing the consumption of raw materials and energy. We are continuously optimizing our internal production processes to reduce waste generation and minimize the long-term environmental impact of our products. Additionally, we uphold corporate social responsibility by actively mitigating environmental burdens in our daily operations. Furthermore, we are committed to exploring new methods to achieve higher environmental protection standards across all levels of our business.				

Note 1: Specific description on risk assessment of major issues

Major issues	Risk assessment items	Risk Management Policy
Environment	Climate Change and Adaptation	The Company remains committed to complying with environmental regulations while actively identifying and addressing potential deficiencies and areas for improvement. Through comprehensive procurement, maintenance, and equipment replacement, we strive to mitigate environmental risks. We will promptly assess the potential impacts of climate change on our business operations and adjust our response strategies based on the assessment results to effectively mitigate climate risks and safeguard the interests of all stakeholders.
Sociology	Labor relations	The Company is committed to prioritizing employees and fostering a diverse, equitable, and stable workplace environment. We emphasize employee safety and professional development by offering training and growth opportunities that promote the comprehensive development of our employees. To foster a positive labor-management relationship, we have established open communication channels that allow employees to express their opinions and suggestions at any time. This initiative promotes harmonious collaboration between the company and its employees.
	Occupational health and safety	The Company is dedicated to fostering a healthy and safe working environment while actively promoting occupational safety and health management. We enhance employees' safety awareness through comprehensive education and training, effectively identifying and mitigating potential risks to prevent unsafe behaviors. The Company also offers professional medical services on-site, providing health consultations and care for employees to assist in the prevention and management of work-related illnesses. Additionally, we conduct environmental inspections to ensure that facilities and equipment meet safety standards, thereby safeguarding employees and maintaining a healthy and safe working environment.
Governance	Legal Compliance	The Company has implemented regulations, including the "code of ethical corporate management," "Operating Procedures and Code of Conduct for Integrity Management," and the "code of ethical conduct." These regulations mandate compliance from all stakeholders, including directors, managers, employees, and suppliers, to prevent conflicts of interest, eliminate corruption and bribery, and prohibit the abuse of power for improper gain. Additionally, these regulations protect whistleblowers from retaliation. To enhance employees' awareness of integrity and legal compliance, the Company has incorporated policies related to integrity management and professional ethics into the "employee work rules." These policies will be publicly available on the internal website and bulletin boards. New employees will undergo relevant training to strengthen their adherence to laws and regulations concerning integrity, ethics, and professional conduct.

Major issues	Risk assessment items	Risk Management Policy
	Product Quality and Safety	<ol style="list-style-type: none"> 1. All products and services offered by the Company comply with relevant regulations and international standards. This includes, but is not limited to, safety specifications of various countries, as well as RoHS, REACH, and WEEE requirements. These measures ensure that our products meet the quality and safety standards of the global market. 2. The Company has established a Customer Service Department to offer customers channels for inquiries, complaints, and suggestions. We are committed to the principle of integrity in addressing these matters appropriately and providing feedback, thereby safeguarding customer rights and ensuring satisfaction. 3. The Company has established supplier management operating procedures to ensure the stability and quality compliance of incoming materials. We conduct regular supplier evaluations to ensure adherence to legal requirements, green product standards, and company policies. In the event of any non-compliance issues, the cooperation with the supplier will be terminated or dissolved promptly.

◆ Execution Status of Climate-related Information

Item	Implementation
1. The Board of Directors and management are responsible for overseeing and managing climate-related risks and opportunities.	<p>The Board of Directors of the Company is responsible for overseeing climate-related risks and opportunities. In January 2024, the Company established a Sustainable Development Department, which comprises three functional groups: Corporate Governance, Social Responsibility, and Sustainable Environment. The Board of Directors has authorized Vice General Manager Yong-Xiang Chou to serve as the convener and has appointed mid-level managers to lead each functional group. The group integrates climate-related risks and opportunities into its considerations, formulating relevant policies, strategies, and objectives. Furthermore, it conducts regular training sessions to enhance employees' awareness and response capabilities concerning climate risk management.</p> <p>The Sustainable Environment Task Force, in compliance with the requirements for climate change financial disclosure, evaluates the potential climate risks and opportunities related to the company's operations. It discloses pertinent information across four primary categories: "Governance," "Policies," "Risk Management," and "Indicators and Targets." The task force identifies significant risks and opportunities and develops specific strategies to address climate change. The task force conducts regular reviews of the</p>

Item	Implementation
	developments and implementation status of climate-related issues, providing periodic reports to the Board of Directors to demonstrate the company's commitment to climate governance.
2. Explain the identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, and long-term).	<p>The Company's Sustainable Environment Task Force identifies the risks and opportunities posed by climate change, effectively addresses related issues, and integrates climate-related risks into the Company's overall management framework to better respond to climate challenges.</p> <p>Identifying the impact of key climate risks and opportunities on financials as Note 2</p>
3. The Impact of Extreme Weather Events and Transition Actions on Finance	<p>The Company's Sustainable Environment Task Force identifies the risks and opportunities posed by climate change, effectively addresses related issues, and integrates climate-related risks into the Company's overall management framework to better respond to climate challenges.</p> <p>Identifying the impact of key climate risks and opportunities on financials as Note 2.</p>
4. The process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	<p>The Board of Directors is responsible for reviewing and overseeing the implementation of the Company's overall risk management strategies. It incorporates the identification, assessment, and management of climate risks into the existing risk management framework to ensure that the company can systematically and effectively address climate-related challenges. The process for identifying and managing climate risk assessments is outlined as follows:</p> <ol style="list-style-type: none"> 1. Risk and Opportunity Identification The Sustainable Development Department has established a Sustainable Environment Task Force tasked with identifying and assessing climate-related risks and opportunities. These risks include physical risks, such as extreme weather events, and transition risks, such as changes in policies and regulations and technological advancements. Through cross-departmental collaboration and the use of meteorological data and industry trend analysis, a comprehensive identification of potential risks is carried out. 2. Risk assessment The three major functional groups will conduct a comprehensive assessment of the identified climate risks, analyzing their potential impacts on the company's business operations, financial condition, and overall strategy. The assessment process will categorize and prioritize the risks based on their severity, likelihood of occurrence, and potential financial impact. Following this assessment, management will identify which risks require priority attention and ensure that they are effectively managed and addressed within the company's strategy. 3. Risk management The three major functional groups will prioritize high-risk items based on the results of the risk assessment and will formulate

Item	Implementation
	<p>climate-related policies, strategies, and objectives. Concurrently, significant climate risks that have been identified and assessed will be integrated into the company's overall risk management framework. Management will adjust business strategies based on the comprehensive risk assessment results, including climate risks, and will develop risk response plans—such as enhancing supply chain resilience and investing in low-carbon technologies—and implement countermeasures to ensure the synergistic effects of risk management.</p> <p>4. Monitoring and Reporting The three major functional groups are tasked with monitoring changes in climate risks and reporting the current risk status and related strategy implementation to the Board of Directors. All management activities, strategies, and implementation progress related to climate risks will be disclosed in the sustainability report to ensure transparency of information.</p>
5. When using scenario analysis to assess resilience to climate change risks, it is important to provide an explanation of the context, parameters, assumptions, analysis factors, and significant financial impacts.	The Company has not yet employed scenario analysis to evaluate its resilience against climate change risks
6. If there is a transformation plan in place to address climate-related risks, please provide the details of the plan, including the indicators and objectives used to identify and manage both physical and transition risks.	The Company currently has no significant transformation plans.
7. If internal carbon pricing is used as a planning tool, the basis for determining the price should be explained.	The Company has not yet adopted internal carbon pricing as a planning tool.
8. When setting climate-related goals, it is important to provide a clear explanation of the activities that will be covered, the scope of GHG emissions, the planning schedule, and	As of 2024, the Company has not yet established climate-related goals. In accordance with the "Regulations for OTC Listed Companies on Preparing and Disclosing Sustainability Reports" issued by the Taipei Exchange, the Company plans to disclose the inventory information in 2026. By the base year of 2026, the Company will also disclose its reduction targets, strategies, and specific action plans for the year 2027.

Item	Implementation
the annual progress. If carbon offsetting or renewable energy certificates (RECs) are utilized to achieve these goals, it is necessary to specify the source and quantity of carbon offset or the quantity of RECs.	As of 2024, the Company has not participated in carbon offsetting or the purchase of Renewable Energy Certificates (RECs).
9. Inventory and Assurance of Greenhouse Gas Emissions, Reduction Targets, Strategies, and Specific Action Plans (filled in sections 1-1 and 1-2).	Following a self-assessment, Mildef Crete Inc. (an individual entity) has determined its total Scope 2 emissions for 2024 to be 410 metric tons of CO ₂ e, with an intensity of 0.144 metric tons of CO ₂ e per million dollars in revenue. Please note that this assessment has not been independently verified. In accordance with the "Regulations for OTC Listed Companies on Preparing and Disclosing Sustainability Reports" issued by the Taipei Exchange, the Company plans to disclose the inventory information in 2026. By the base year of 2026, the Company will also disclose its reduction targets, strategies, and specific action plans for the year 2027.

Note 2: Identifying the impact of key climate risks and opportunities on financials

2024 Disclosure Status							
The Company's Sustainable Environment Task Force identifies the risks and opportunities posed by climate change, effectively addresses related issues, and integrates climate-related risks into the Company's overall management framework to better respond to climate challenges. Identifying the impact of key climate risks and opportunities on financials as follows:							
Risk Category	Risk Dimension	Risk Content	Impact Duration	Impact of risks on company strategy, operations, and financials	Response Strategy	Financial Impact of the Response Plan	Results and Performance
Transition Risk	Policies and Regulations	As global attention to climate change intensifies, the government may implement more stringent environmental protection policies and regulations, including carbon fees and carbon emission quotas. This will present compliance risks for future business operations.	Long-term (5 to 10 years)	<ul style="list-style-type: none"> New policies and regulations may require the company to upgrade its equipment or adjust production processes, leading to additional investment requirements and increased operational costs. Failure to comply with these standards could result in fines, legal liabilities, and other risks, negatively impacting the company's financial performance. In response to the regulations established by the competent authority, the company may need to improve its energy efficiency and could be subject to potential carbon fees and carbon trading systems, which may subsequently increase operational costs. 	<ul style="list-style-type: none"> Monitoring Policy Changes: The company will continue to monitor changes in policies and regulations and strengthen internal compliance management to ensure that all departments are promptly informed and adhere to the latest environmental protection regulations. Additionally, the company will enhance employees' awareness and execution of these regulations. Equipment Update and Process Optimization: Replace energy-intensive production and office equipment, and optimize current processes to improve energy efficiency and reduce carbon emissions. 	<ul style="list-style-type: none"> In response to the requirements set forth by regulatory authorities, the company may need to increase its investments in compliance, including technology upgrades and related environmental protection facilities. These measures will entail initial capital expenditures and may be subject to potential carbon fees and carbon trading systems, thereby increasing operational costs. Research on changes in carbon fees, carbon trading, and related regulations has resulted in an increase in research costs. 	<ul style="list-style-type: none"> By diligently adhering to policies and regulations, the company can not only mitigate legal risks but also achieve a significant competitive advantage in a market that increasingly prioritizes environmental protection, thereby enhancing its brand image and market share. In 2024, the company replaced several high-energy-consuming pieces of equipment and further enhanced overall energy efficiency. This has established a solid foundation for future compliance with environmental regulations, reduced operating costs, and decreased carbon emissions.
	Market	Increase in Raw Material Costs	Mid-term (3 to 5 years)	Climate change may cause supply disruptions, potentially leading to increased input costs, including energy and water. Furthermore, changes in pertinent environmental regulations, particularly those related to waste management and the environmental impact of production processes, will also contribute to rising production costs.	<ul style="list-style-type: none"> Optimizing Supply Chain Management: The company will further enhance supplier management, improve the flexibility of the supply chain, and actively pursue diversified sources of supply to reduce dependence on a single source and mitigate supply risks. Strengthening Long-Term Contract Negotiations: Building strong, long-term partnerships with key suppliers and proactively negotiating more stable contract terms to reduce the impact of fluctuations in raw material costs. 	<ul style="list-style-type: none"> To ensure supply chain stability, the company will invest additional resources to manage supply sources and establish long-term partnerships with reliable suppliers. This approach will help mitigate the risks associated with cost fluctuations. Strengthening supplier management and negotiating long-term contracts are expected to significantly reduce the financial risks associated with market fluctuations. 	<ul style="list-style-type: none"> Optimizing Supplier Management: In 2024, by selecting and retaining the most collaborative suppliers, we effectively addressed the challenges posed by climate change and market fluctuations, thereby significantly enhancing the stability and resilience of the supply chain.
	Reputational Risks Associated with Climate Change	The company's current measures for addressing climate change and its high carbon	Long-term (5 to 10 years)	The transformation has not met expectations, failing to satisfy the requirements of	The integration of product design and production-sales services with circular economy principles	<ul style="list-style-type: none"> Investing in research and development to advance the creation of 	<ul style="list-style-type: none"> Equipment Update and Efficiency Improvement: In 2024, the

Risk Category	Risk Dimension	Risk Content	Impact Duration	Impact of risks on company strategy, operations, and financials	Response Strategy	Financial Impact of the Response Plan	Results and Performance
		emission products may not align with stakeholder expectations. This misalignment could lead to negative public sentiment, further diminishing customer trust and satisfaction, which in turn could damage the company's reputation.		stakeholders and customers. This shortfall may lead to a loss of business and, consequently, a decline in revenue.	involves selecting environmentally friendly materials, enhancing product energy efficiency, and extending product life cycles. The company will progressively shift towards the development and selection of low-carbon products, incorporating circular economy concepts, with the goal of meeting stakeholder and customer demand for sustainable products.	circular economy products will necessitate initial capital expenditure, particularly in improving product design and fostering technological innovation. • Simultaneously, optimizing energy usage and minimizing waste during the production process will improve cost-effectiveness and reduce environmental costs in future operations.	Manufacturing Division upgraded the SMT equipment to enhance production efficiency and lay the foundation for future energy optimization and carbon reduction. • Enhancement of Customer Satisfaction: By improving product services, customer satisfaction has significantly increased, thereby enhancing brand image and fostering customer loyalty.
Physical Risk	Immediacy	Extreme weather events, such as typhoons and heavy rainfall, can result in transportation disruptions, logistics delays, supply chain damage, and reduced employee attendance. These factors may lead to interruptions or delays in production and increase operational risks.	Short-term (1 to 3 years)	<ul style="list-style-type: none"> • Extreme weather conditions may disrupt production schedules and delivery timelines, consequently impacting customer satisfaction and market competitiveness. • In the event of an operational disruption, the company may experience short-term revenue losses and increased operating costs, which could further challenge its financial performance. 	<ul style="list-style-type: none"> • In response to the early warning issued by the Central Weather Administration, emergency procedures were promptly activated, and safety inspections and environmental risk assessments were conducted. • Optimize the supply chain and transportation network to enhance flexibility by adjusting transportation routes and frequencies. This will mitigate the impact of extreme weather and ensure the continuity of critical business operations. • In response to extreme climate scenarios, evaluate and adjust the company's insurance strategy to ensure that the risk management system effectively addresses potential disasters. 	To effectively address the risks posed by extreme weather, supply chain management has concentrated on establishing more resilient operational models. This includes strategies such as optimizing transportation routes, increasing transportation frequency, and diversifying supply sources, which consequently raises internal management costs.	Through optimized risk management and response measures, the company was not significantly impacted by extreme weather events in 2024, successfully maintaining the stability of its operations. This also illustrates the company's capability to effectively address the challenges posed by extreme weather and ensure seamless business continuity.

Opportunity Category	Opportunity Content	Impact Duration	Impact of opportunities on company strategy, operations, and financials	Response Strategy	Financial Impact of the Response Plan	Results and Performance
Development of Low-Carbon Products and Services	In response to global environmental trends and to address market demand for green products, we aim to reduce carbon emissions and enhance the company's competitiveness	Mid-term (3 to 5 years)	Developing innovative green designs and low-carbon products will help differentiate our products and meet customer demands for environmentally friendly, low-carbon solutions.	<ul style="list-style-type: none"> • Enhance product energy efficiency and progressively reduce carbon emissions, ensuring that new products meet market demands and comply with relevant regulatory requirements. 	Although short-term investments in technological upgrades and product optimization may be required, the anticipated growth in market demand for low-carbon products is expected to drive	In 2024, the company's research and development resources were primarily concentrate on optimizing existing products.

Opportunity Category	Opportunity Content	Impact Duration	Impact of opportunities on company strategy, operations, and financials	Response Strategy	Financial Impact of the Response Plan	Results and Performance
	through innovative design and technological applications.			<ul style="list-style-type: none"> In response to changes in market demand, we will assess and promptly adjust our technology upgrade strategies or make necessary modifications to existing product designs to meet the demand for low-carbon products and enhance product competitiveness. 	higher sales and energy-saving benefits, ultimately boosting the company's long-term profitability.	

(VI) The Company's performance of ethical corporate management and measures taken:

Implementation of ethical corporate management

Evaluation items	Operation situation			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Summary description	
I. Formulate ethical corporate management policies and plans				No significant difference
(I) Whether the Company has formulated an ethical corporate management policy approved by the Board of Directors, and clearly stated the policies and practices of ethical corporate management in the rules and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the operation policy?	✓		(I) The Company has established a "code of ethical corporate management", "operation procedures and guidelines of conduct for ethical corporate management" and "code of ethical conduct" and placed them on the Company's website to demonstrate the commitment of the Board of Directors and management to actively implement the business policies. State in the "operation procedures and guidelines of conducts for ethical corporate management" the policies and practices of ethical management.	
(II) Does the Company establish an evaluation mechanism for the risk of unethical conduct, regularly analyze and evaluate the business activities with high risk of unethical conduct within its business scope, and	✓		(II) The "operation procedures and guidelines of conduct for ethical corporate management" formulated by the Company include the prohibition of unethical	

Evaluation items	Operation situation			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Summary description	
<p>formulate a plan to prevent unethical conduct, which at least covers the preventive measures for the conducts in paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(III) Does the Company specify the operating procedures, conduct guidelines, punishment and appeal system for violations in the plan for preventing unethical conduct, implement it, and regularly review and amend the aforementioned plan?</p>	√		<p>conduct, the reporting system, and the punishment for violation of regulations, which are placed on the website of the Company.</p> <p>The Audit Office is designated by the Company as a dedicated unit to handle the revision, implementation, interpretation, consulting services, registration and filing of notification contents and other related operations of these operating procedures, supervise the implementation, list its main responsibilities in detail, and report to the Board of Directors on a regular basis.</p> <p>On October 15, 2024, the Audit Office conducted a 3-hour training to promote the relevant norms of integrity management. A report was subsequently presented at the 13th meeting of the 14th Board of Directors on December 25, 2024. The Company did not have any reports of violations of integrity management in 2024.</p> <p>(III) The company clearly regulates the unethical conduct plan in the "operation procedures and guidelines of conduct for ethical corporate management", specifies the operation procedures, conduct guidelines, punishment and appeal system for violations, implements them, and regularly reviews and modifies the above plan, so as to improve the effectiveness of ethical corporate management of the company.</p>	

Evaluation items	Operation situation			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Summary description	
II. Implement ethical corporate management (I) Does the Company evaluate the ethical record of the trading partner and specify the ethical conduct terms in the contract signed between the Company and the trading partner?	√		(I) The Company's "operation procedures and guidelines of conduct for ethical corporate management" - 1. Article 17 stipulates: Before establishing business relations with others, the Company shall first evaluate the legitimacy, ethical corporate management policies and records of unethical conduct of agents, suppliers, customers or other business contacts, so as to ensure that its business operation is fair and transparent and will not ask for, provide or accept bribes. 2. Article 20: When signing a contract with others, the company shall fully understand the ethical corporate management of the other party, and incorporate compliance with the ethics policy of the company into the terms of the contract. At least the following matters shall be specified in the contract: (1) After signing the contract, the contracting party shall advocate and explain the honesty code within the Company. (2) When a contracting party violates the principle of ethics, its improper interests or losses may be claimed from the other party and may be deducted from the contract price payable. (3) If the contracting parties are involved in unethical conduct in their commercial activities, the other party may sever the	No significant difference

Evaluation items	Operation situation			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Summary description	
(II) Does the Company set up a dedicated unit subordinate to the Board of Directors to promote ethical corporate management, and regularly (at least once a year) report to the Board of Directors on its ethical corporate management policy, plan to prevent unethical conduct and supervision and implementation?	√		trading relationship between them. (II) The company appoints the Audit Office as the dedicated unit to promote the ethical corporate management, and shall regularly report to the Board of Directors on the ethical corporate management policy, the plan to prevent unethical conduct and the supervision and implementation. Reported on December 25, 2024, the 13th meeting of the 14th Board of Directors. The Company did not have any violations of integrity management in 2024.	
(III) Does the Company formulate policies to prevent conflicts of interest, provide appropriate presentation channels, and implement them?	√		(III) 1. The Company's "Rules of Procedure for Board Meetings" clearly requires that Directors who have an interest in the proposals listed by the Board of Directors may state their opinions and answer questions, and shall recuse during discussion and voting. In addition, the work rules of employees clearly require colleagues to report to their immediate supervisor in case of conflict of interest in the execution of business. 2. The Company's "Integrity Operating Procedures and Code of Conduct" and "Code of Ethics" shall not directly or indirectly provide, promise, demand or accept any improper benefits, or commit other unethical conduct in violation of ethics, lawlessness or fiduciary obligations, in order to obtain or maintain benefits. 3. The internal independent	

Evaluation items	Operation situation			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Summary description	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit formulates the relevant audit plan according to the evaluation results of the risk of unethical conduct, so as to check the compliance of the plan to prevent unethical conduct, or appoint CPAs to carry out the audit?	V		<p>whistleblower mailbox is specified in Article 21 of the "operation procedures and guidelines of conduct for ethical corporate management" hr303@crete.com.tw or hotline (02) 2662-6074#303 as the statement channel.</p> <p>4. A total of two incidents of workplace bullying were reported through independent internal channels in 2024. One case remains under review, while the others were settled within the same year.</p> <p>(IV) The Company has established internal control system, internal audit system, accounting system and various management rules, implemented the requirements and regulations of good faith operation in the implementation, conducted internal audit, and regularly and irregularly implemented relevant audit matters, and reported the audit results to the Board of Directors. In 2024, the Company did not appoint CPAs to implement the compliance of the audit and prevention plan against unethical conduct.</p>	
(V) Does the Company regularly hold internal and external education and training on ethical corporate management?	√		<p>(V) On October 15, 2024, the Audit Office conducted a three-hour advocacy session to strengthen colleagues' awareness and importance of the Company's rules - operation procedures and guidelines of conduct for ethical corporate management, internal major information processing operating procedures, intellectual property</p>	

Evaluation items	Operation situation			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Summary description	
			management measures, code of ethical corporate management, code of ethical conduct, reward and punishment operating measures, staff working rules, internal control and internal audit, supplier ethical corporate management policy statement, and called on colleagues to safeguard the honor of the Company, so that colleagues can abide by the law and the rule of law and do nothing illegal.	
III. Operation of the Company's whistleblower system (I) Does the Company have a specific reporting and reward system, establish a convenient reporting channel, and assign appropriate special personnel to accept the reported object? (II) Whether the Company has established the standard operating procedures for the investigation of complaints, the follow-up measures to be taken after the investigation and the relevant confidentiality mechanism? (III) Does the Company take measures to protect the whistleblower from improper treatment due to reporting?	√ √ √		(I) The Company specified a specific reporting and reward system in the "Integrity Business Procedures and Conduct Guide", and set up an internal independent report email: hr303@crete.com.tw or dedicated line (02) 2662-6074#303 as the acceptance specialist. (II) Article 21 of the company's "operation procedure and guidelines of conduct for ethical corporate management" specifies the standard operating procedures for the investigation of complaints, subsequent measures to be taken after the investigation is completed, and relevant confidentiality mechanisms. (III) The relevant measures are regulated in Article 21 of the Company's "operation procedure and guidelines of conduct for ethical corporate management".	No significant difference
IV. Strengthen information disclosure Does the Company disclose the content and promotion effectiveness of	√		It has been placed on the Company's website and MOPS.	No significant difference

Evaluation items	Operation situation			Differences and reasons between the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies
	Yes	No	Summary description	
its code of ethical corporate management on its website and MOPS?				
<p>V. If the Company has its own code of ethical corporate management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its operation and the code: The Company has established its own code of ethical corporate management in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. Its operation and differences are detailed in the above columns.</p>				
<p>VI. Other important information helpful to understand the company's ethical corporate management: (such as the company's review and amendment of its code of ethical corporate management)</p> <p>(I) The Company abides by relevant laws and regulations and internal control system, forbids unethical or violation of laws and regulations, and employs legal counsel to provide consultation.</p> <p>(II) The Company's "rules of procedure for board meetings" prescribes a system for recusal by Directors for conflict of interests. If a Director has an interest in the matters of the meeting with himself or the legal person he represents, he shall explain the important contents of his interest at the current board meeting. If it is harmful to the interests of the Company, he shall not participate in discussion and voting, and shall recuse during discussion and voting, and shall not exercise his voting rights on behalf of other Directors.</p> <p>(III) In order to establish a good internal material information processing and disclosure mechanism, avoid improper disclosure of information, and ensure the consistency and correctness of the information published by the Company to the public, the Company has formulated a "code of ethical conduct". The Directors, managers, employees and other persons who have learned of the Company's internal material information due to their identity, occupation or control shall abide by the relevant provisions of these operating procedures.</p> <p>(IV) The Company abides by the Company Act, the Securities and Exchange Act, and relevant rules and regulations related to TWSE/TPEX-listing companies. As the basic principle of implementing ethical corporate management, the Company's external business dealings are prohibited from engaging in unethical conduct with trading counterparties.</p> <p>(V) The Company always pays attention to the development of relevant regulations of ethical corporate management at home and abroad, so as to review and improve the relevant regulations of the Company to improve the effectiveness of ethical corporate management of the Company.</p>				

(VII) Other important information sufficient to enhance the understanding of the operation of corporate governance:

1. The "internal material information processing procedures" formulated to manage the Company's internal material information have been informed to all Directors, managers and heads of all units, and the procedures have been placed on the Company's internal network for all colleagues to follow, and all Directors, managers and unit heads have been educated and advocated every year to avoid violations or insider transactions.
2. When taking office, the newly appointed directors, managers and other internal personnel of the Company will be distributed the latest version of the "laws and

regulations related to the equity of insiders of TPEX and emerging companies and precautions to be taken" prepared by the TPEX for internal personnel to follow.

3. The Company will immediately disclose major information and monthly operating results to investors.
4. The work rules of the Company clearly stipulate that employees of the Company shall not seek to benefit themselves or others in the name of the Company or their position. It is also prohibited to use the convenience of his position, engage in malpractice for personal gain, require customers or manufacturers to entertain, accept gifts, commissions and other money transactions or other illegal interests.
5. The Company's general manager, deputy general manager, accounting, finance, and internal audit supervisor participated in further education related to corporate governance:

Title	Name	Study date	Organizer	Course name	Hours of education
General manager	Yi-Tong Shen	2024.12.13	Taiwan Corporate Governance Association	Introduction to the Corporate Governance Personnel Framework and the Role of Legal Professionals in Corporate Governance	3
		2024.12.20	Taiwan Corporate Governance Association	Essential Knowledge for Directors and Supervisors: How Criminals Exploit Unconventional and Related Party Transactions	3
Finance manager	Ya-Ping Liu	2024.03.04	TWSE, TPEX	2024 corporate governance evaluation and advocacy meeting (online)	3
		2024.05.20~2024.05.21	Accounting Research and Development Foundation	Continuing education course for stock exchange accounting supervisor of issuing securities firms (video) - New Trends and New Perspectives in Sustainable Governance	3
Audit agent	Yi-Ping Liao	2024.05.16	The Institute of Internal Auditors-Chinese Taiwan	Analysis of the Sustainable Information Disclosure Policy and Key Discussions on Internal Control and Internal Audit	6
		2024.11.13	The Institute of Internal Auditors-Chinese Taiwan	Regulatory Framework and Practical Analysis of Fund Lending, Endorsements and Guarantees, and Asset Acquisition and Disposal	6

Title	Name	Study date	Organizer	Course name	Hours of education
Corporate Governance Officer	Ya-Ping Liu	2024.04.12	Chinese Association for Intangible Assets and Business Valuation	The Impact of Climate Change on Financial Reporting and Valuation	3
		2024.06.18	Taiwan Corporate Governance Association	Key Insights for Interpreting Financial Reports	3
		2024.07.09	Taipei Exchange	AI Strategy Governance	3
		2024.07.10	Importers and Exporters Association of Taipei	[Financial Statements e-Guide] Making Management and Investment Decisions Based on Financial Reports	6

(VIII) Implementation status of internal control system:

1. Internal control statement

Mildef Crete Inc.
Statement of internal control system

Date: March 12, 2025

Based on the results of self-evaluation, the Company's internal control system in 2024 is hereby declared as follows:

- I. The Company confirms that it is the responsibility of the Board of Directors and managers of the Company to establish, implement and maintain the internal control system, and the Company has established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operation effect and efficiency (including profit, performance and ensuring asset safety), reliability, timeliness and transparency of reporting, and compliance with relevant norms and relevant laws and regulations.
- II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the above three objectives. Moreover, due to the change of environment and situation, the effectiveness of internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once the deficiency is identified, the Company will take corrective action.
- III. The Company judges the effectiveness of the design and implementation of the internal control system in accordance with the Regulations Governing Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The judgment items of the internal control system adopted in the "Regulations" are to divide the internal control system into five constituent elements according to the process of management control: 1. Control environment, 2. Risk assessment, 3. Control operation, 4. Information and communication, and 5. Supervise the operation. Each component includes several items. For the above items, please refer to the provisions of the "Regulations".
- IV. The Company has adopted the above internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the evaluation results of the preceding paragraph, the Company believes that the internal control system (including the supervision and management of subsidiaries) in Note 2 of the Company on December 31, 2024, including the understanding of the effect of operation and the degree of achievement of efficiency objectives, the reliability, timeliness, transparency of reports, compliance with relevant norms and relevant laws and regulations, and the design and implementation of relevant internal control systems are effective, and it can reasonably ensure the achievement of the above objectives.
- VI. This statement will be the main content of the Company's annual report and prospectus and will be made public. If the contents disclosed above are false, concealed and there are other illegal matters, it will involve the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. This statement was approved by the Board of Directors of the Company on March 12, 2025. Among the seven Directors present, no one held objections, and the remaining agreed with the contents of this statement as stated.

Mildef Crete Inc.

Chairman: Yi-Tong Shen

General manager: Yi-Tong Shen

2. If a CPA has been hired to carry out a special audit of the internal control system, the CPA audit report shall be disclosed: None.

(IX) Important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and up to the printing date of the annual report:

1. Important resolutions of the shareholders' meeting on June 12, 2024

1. Important resolutions of the shareholders' meeting on June 12, 2024												
Motion items	Important resolutions	Implementation										
Recognition case 1	Adoption of the 2023 Business Report and Financial Statements	According to the content of the resolution										
	Number of voting rights of shareholders present during voting: 38,532,971											
	<table><tr><th>Voting results</th><th>Percentage of voting rights</th></tr><tr><td>35,879,978 approval votes (including 2,899,267 e-votes)</td><td>93.11%</td></tr><tr><td>Number of votes against 53,876 (including 53,876 e-votes)</td><td>0.13%</td></tr><tr><td>0 invalid votes</td><td>0.00%</td></tr><tr><td>Number of abstentions and non-voting 2,599,117 (including 2,599,117 e-votes)</td><td>6.74%</td></tr></table>		Voting results	Percentage of voting rights	35,879,978 approval votes (including 2,899,267 e-votes)	93.11%	Number of votes against 53,876 (including 53,876 e-votes)	0.13%	0 invalid votes	0.00%	Number of abstentions and non-voting 2,599,117 (including 2,599,117 e-votes)	6.74%
	Voting results		Percentage of voting rights									
	35,879,978 approval votes (including 2,899,267 e-votes)		93.11%									
	Number of votes against 53,876 (including 53,876 e-votes)		0.13%									
	0 invalid votes		0.00%									
Number of abstentions and non-voting 2,599,117 (including 2,599,117 e-votes)	6.74%											
Reached the number of approval votes stated in the laws and regulations; hence, the case is approved as written.												
Recognition case 2	2023 Earnings distribution proposal	According to the content of the resolution. The chairman set July 12, 2024, as the ex-dividend base date, and all distributions were completed on August 2, 2024 (cash dividend of NT\$316,902 thousand, and distribution of NT\$5.4 per share)										
	Number of voting rights of shareholders present during voting: 38,532,971											
	<table><tr><th>Voting results</th><th>Percentage of voting rights</th></tr><tr><td>36,077,051 approval votes (including 3,096,340 e-votes)</td><td>93.62%</td></tr><tr><td>Number of votes against 53,934 (including 53,934 e-votes)</td><td>0.13%</td></tr><tr><td>0 invalid votes</td><td>0.00%</td></tr><tr><td>Number of abstentions and non-voting 2,401,986 (including 2,401,986 e-votes)</td><td>6.23%</td></tr></table>		Voting results	Percentage of voting rights	36,077,051 approval votes (including 3,096,340 e-votes)	93.62%	Number of votes against 53,934 (including 53,934 e-votes)	0.13%	0 invalid votes	0.00%	Number of abstentions and non-voting 2,401,986 (including 2,401,986 e-votes)	6.23%
	Voting results		Percentage of voting rights									
	36,077,051 approval votes (including 3,096,340 e-votes)		93.62%									
	Number of votes against 53,934 (including 53,934 e-votes)		0.13%									
	0 invalid votes		0.00%									
Number of abstentions and non-voting 2,401,986 (including 2,401,986 e-votes)	6.23%											
Reached the number of approval votes stated in the laws and regulations; hence, the case is approved as written.												

2. Important resolutions of the Board of Directors

Date	Important resolutions	Implementation
The 6th session of the 14th term -2024.03.13	1. Disposition of partial equity in MilDef Group AB	This case is passed without objection
	2. 2023 "effectiveness assessment of internal control system" and "statement of internal control	The case was passed without objection, and the statement of internal control system was uploaded to the MOPS on

Date	Important resolutions	Implementation
	system"	March 14, 2024
	3. Amendment to the "Rules of Procedure of the Board of Directors Meetings"	This case is passed without objection
	4. Amendment to the "Audit Committee Charter"	This case is passed without objection
	5. Amendment to the Internal Control Content for "Production Cycle"	This case is passed without objection
	6. Procurement Project for SMT Equipment in the Manufacturing Division	This case is passed without objection
	7. 2023 directors' and employees' remuneration distribution plan	The case was passed without objection, and it was reported to the 2024 annual shareholders' meeting
	8. Review of the 2023 Business Report and Financial Statements	This case is passed without objection but it still needs to be resolved by the 2024 annual shareholders' meeting
	9. 2023 Earnings distribution proposal	There is no objection in this case. The allotment of NT\$5.4 per share is approved as per the proposal, but it must be resolved by the 2024 annual shareholders' meeting
	10. 2024 annual budget and operation plan	This case is passed without objection
	11. Proposal on matters related to the convening of the 2024 Shareholders' Meeting	The proposal was approved without objection and scheduled for a meeting on June 12, 2024.
	12. Performance evaluation of directors and managers in 2023	This case is passed without objection
	13. 2024 Salary Adjustment Plan	This case is passed without objection
	14. Manager's salary adjustment evaluation in 2024	Except for Director Yi-Tong Shen of the Company, who recused from voting because he was also the general manager, the other Directors present had no objection and passed the resolution.
The 7th session of the 14th term -2024.04.03	Disposition of partial equity in MilDef Group AB	This case is passed without objection
The 8th session of the 14th term -2024.05.08	1. First Quarter 2024 Financial Statements Report	This case is passed without objection
	2. Report on the achievement of the budget for the first quarter of 2024	This case is passed without objection
	3. Proposal for the CPA Fees for 2024	This case is passed without objection
	4. Proposal for adding the "List of Pre-approved Non-Assurance Services"	This case is passed without objection
The 9th session of the 14th term -2024.05.24	1. Disposition of partial equity in MilDef Group AB	This case is passed without objection
The 10th	1. Second Quarter 2024 Financial	This case is passed without objection

Date	Important resolutions	Implementation
session of the 14th term -2024.08.07	Statements Report	
	2. Report on the achievement of the budget for the second quarter of 2024	This case is passed without objection
	3. 2023 directors' remuneration distribution plan	This case is passed without objection and was fully distributed in cash on August 9, 2024
	4. Remuneration distribution plan for managers in 2023	This case is passed without objection and was fully distributed in cash on August 9, 2024
	5. Proposal for the amendment to the "Measures for the Management of Directors' and Managers' Remuneration"	This case is passed without objection
The 11th session of the 14th term -2024.09.18	Proposal for the disposal of equity in "Roda Computer GmbH"	This case is passed without objection
	Disposition of partial equity in MilDef Group AB	This case is passed without objection
The 12th session of the 14th term - -2024.11.06	Third Quarter 2024 Financial Statements Report	This case is passed without objection
	Report on the achievement of the budget for the third quarter of 2024	This case is passed without objection
	Change of CPA Case	The case was approved without objection. In line with internal adjustments at KPMG Taiwan, effective from the fourth quarter of 2024, the original signing CPA, Mei-Yen Chen, will be replaced by Tzu-Chieh Tang.
	Proposal for the formulation of the "Sustainable Development Best Practice Principles"	This case is passed without objection
	Proposal for the formulation of "Material Topics for the Sustainability Report"	This case is passed without objection, and major themes were selected as- 1. Product and Customer Service Quality 2. Legal Compliance 3. Occupational health and safety 4. Labor relations 5. Climate Change and Adaptation
The 13th session of the 14th term -2024.12.25	1. Approval of annual audit plan in 2025	This case is passed without objection
	2. The evaluation results of the independence of the CPAs for 2025	This case is passed without objection
	3. Amendment to the "General Principles of Pre-Approval Non-assurance Service Policy"	This case is passed without objection
	4. Review of directors' and managers' remuneration for 2024	This case is passed without objection

Date	Important resolutions	Implementation
	5. Proposal for the formulation of the "Human Rights Policy" Declaration	This case is passed without objection
	6. Proposal for the formulation of "Sustainability Report Preparation and Verification Procedures"	This case is passed without objection
	7. Proposal for the amendment to the Internal Control System: Addition of "Sustainable Information Management Procedures"	This case is passed without objection
	8. Proposal for the Amendments to the Operating Procedures and Code of Conduct for Integrity Management	This case is passed without objection

- (X) For the most recent year and up to the date of printing of the annual report, if the directors or supervisors have different opinions on the important resolutions adopted by the Board of Directors and have records or written statements, the main contents: None.

IV CPAs fee

Unit: NT\$1,000

Name of CPAs firm	Name of CPA	CPA audit period	Audit fees	Non-audit fees	Total	Remark
KPMG	Ching-Wen Kao	Fiscal Year 2024	2,123	1,707	3,830	Please refer to the table below
	Mei-Yen Chen	January to September 2024				
	Tzu-Chieh Tang	October to December 2024				

Note: Content of Non-Audit Services -

Item	Fees
Tax compliance audit	440
Review the salary information of the Company's full-time employees who did not hold the position of supervisor in 2024	37
Guidance for the 2024 Sustainability Report	800
Transfer Pricing Reports for 2023 and 2024	380
Correction of Undistributed Earnings for 2022	50
Total	1,707

- (I) If the accounting firm is changed and the audit fee paid in the year of change is lower than that in the year before the change, the amount, proportion and reasons for the reduction of audit fee shall be disclosed: None.
- (II) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) thereof shall be disclosed: None.

V Change of CPA: None.

VI The chairman, general manager or manager in charge of financial or accounting affairs of the Company has worked in the firm to which the CPAs belong or its affiliated enterprise within the most recent year: None.

VII Changes in equity transfer and equity pledge of directors, supervisors, managers and shareholders with a shareholding ratio of more than 10% in the most recent year and up to the printing date of the annual report:

(I) Changes in equity of Directors, supervisors, managers and major shareholders

Unit: shares

Title	Name	Fiscal Year 2024		Year ended March 31, 2025	
		Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares	Increase (decrease) in number of shares held	Increase (decrease) in number of pledged shares
Chairman / General Manager	Yi-Tong Shen	0	0	0	0
Director	Nankang Rubber Tire Representative: Jun-Ying Lin	0	0	0	0
		0	0	0	0
Director	Ming-Xiao Lu	0	0	0	0
Independent director	Yong-Cheng Chun	0	0	0	0
Independent director	Jun-Ming Wang	0	0	0	0
Independent director	Xiao-Long Feng	0	0	0	0
Director	Wen-Chun Cai	0	0	0	0
General manager of Channel Business Department	Jia-Xing Hu	0	0	0	0
Executive deputy general manager	Yong-Xiang Chou	0	0	(2,000)	0
Deputy general manager of R&D Division of System Manufacturing Business Department	Wei Liang	0	0	0	0
AVP of Planning Department of Channel Business Department	Xiao-Ming Lin	0	0	0	0
AVP of north district business of Channel Business Department	Shi-Zhe Lin	(2,000)	0	(7,000)	0
AVP of south district business of Channel Business Department	Xin-Xiong Huang	0	0	0	0
AVP of Business Division of System Manufacturing Business Department	Sheng-Xian Wang	0	0	0	0
Financial manager of System Manufacturing Business Department	Ya-Ping Liu	0	0	0	0

(II) Equity transfer information:

The Directors, managers and shareholders holding more than 5% of the Company's shares transferred their shares in the market, and the counterparties of equity transfer are not related parties.

(III) Equity pledge: None

VIII Among top 10 shareholders, information on anyone who is a related party or spouse, a relative within the second degree of kinship

April 13, 2025; Unit: shares; %

Name	Self shares held		Shares held by spouse and minor children		Total shares held in the name of others		AMONG TEN LARGEST SHAREHOLDERS, NAME AND RELATIONSHIP WITH ANYONE WHO IS A RELATED PARTY OR A RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Title (or name)	Relationship	
Yi-Tong Shen	3,126,244	5.33	0	0	0	0	Fang Shen/ An Shen	Relatives within the second degree of kinship	None
Tsu-Yuan Chen	2,346,000	4.00	0	0	0	0	None	None	None
Fang Shen	2,205,543	3.76	0	0	0	0	Yi-Tong Shen/ An Shen	Relatives within the second degree of kinship	None
Nankang Rubber Tire	2,150,829	3.67	N/A	N/A	N/A	N/A	None	None	None
	Responsible person: Lin-Liang Guo	0	0	0	0	0	None	None	None
An Shen	1,751,147	2.98	0	0	0	0	Yi-Tong Shen/ Fang Shen	Relatives within the second degree of kinship	None
Ming-Xiao Lu	945,563	1.61	0	0	0	0	None	None	None
Citibank (Taiwan) in custody for UBS Europe SE Investment Account	607,000	1.03	N/A	N/A	N/A	N/A	None	None	None
Ya-Ping Cheng	577,000	0.98	0	0	0	0	None	None	None
Hui-Nan Lin	553,388	0.94	0	0	0	0	None	None	None
Mizuho Securities Co., Ltd. investment account under the custody of Standard Chartered Bank (Taiwan) Limited Main Branch	525,000	0.90	N/A	N/A	N/A	N/A	None	None	None

Note: the calculation of shareholding ratio refers to the total number of shares held in one's own name, spouse, minor children or in the name of others.

IX The number of shares held by the Company, its Directors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise shall be combined to calculate the comprehensive shareholding ratio

March 31, 2025; Unit: shares; %

Reinvestment business	Investment of the Company		Investment of Directors, managers and enterprises directly or indirectly controlled		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Flexbasis Technology Inc.	2,086,000	56.2%	865,000	23.4	2,945,000	79.6%

Note: The long-term investment of the Company using the equity method.

Chapter 3 Fund raising

I Capital and share

(I) Source of capital

◆ Type of shares

Unit: share

Type of shares	Approved share capital			Remark
	Outstanding shares of TPEx-listed company stocks	Un-issued shares	Total	
Registered Common Stock	58,685,547	11,314,453	70,000,000	The total share capital contains 4,800,000 shares for the purpose of issuing employee stock option certificates

◆ Information about the general reporting system: N/A

(II) List of major shareholders (shareholders with a shareholding ratio of more than 5% or shareholders with a shareholding ratio of the top ten)

April 13, 2025

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
Yi-Tong Shen		3,126,244	5.33
Tsu-Yuan Chen		2,346,000	4.00
Fang Shen		2,205,543	3.76
Nankang Rubber Tire		2,150,829	3.67
An Shen		1,751,147	2.98
Ming-Xiao Lu		945,563	1.61
Citibank (Taiwan) in custody for UBS Europe SE Investment Account		607.000	1.03
Ya-Ping Cheng		577.000	0.98
Hui-Nan Lin		553,388	0.94
Mizuho Securities Co., Ltd. investment account under the custody of Standard Chartered Bank (Taiwan) Limited Main Branch		525.000	0.90

(III) Company dividend policy and implementation status

1. Dividend policy stipulated in the articles of association of the Company

The dividend distribution policy of the Company is based on the Company's capital budget, medium and long-term operation plan, and financial situation, and is distributed after the resolution of the shareholders' meeting under the following principles:

- (1) Except under the provisions of paragraphs II below, the Company shall not distribute dividends when there is no earnings. However, the excess part may be distributed as a bonus when the statutory earnings reserve has exceeded 50% of the total capital. The distribution of earnings can be made in the form of stock dividends or cash dividends, and the distribution ratio shall take into account the following factors:

- A. To meet the needs of the company to expand its operation scale in the future
- B. Maintain the balance of earnings per share and profit level of the Company
- C. Consider the Company's cash flow and operating earnings

Cash Dividends account for 20% ~ 100% of the total dividends, and Stock Dividends account for 0% ~ 80% of the total dividends.

The distribution of earnings referred to in the preceding paragraph shall be decided by the Board of Directors and distributed by resolution of the shareholders' meeting.

- (2) The Company has no earnings to distribute in the current year, or although there are earnings, the earnings are much lower than the earnings distributed by the Company in the previous year, or according to consideration of corporate finance, business, and management, the Company may distribute all or part of the

2. Dividend Distribution proposed at the shareholders' meeting

The 2024 earnings distribution plan was formulated by the Board of Directors on March 12, 2025. It is proposed to distribute a cash dividend of NT\$6.0 per share, totaling NT\$352,113 thousand, with an estimated distribution ratio of 71%. After the resolution of the shareholders' meeting on June 11, 2025, is passed, the chairman is authorized to set another dividend base date and distribution date.

3. Whether there are any significant changes to the expected dividend policy: None.

(IV) The impact of the dividend distribution at the shareholders' meeting on the Company's operating performance and earnings per share

There is no proposed dividend distribution at the Company's 2025 shareholders' meeting, so the impact of this dividend distribution on the Company's operating performance, earnings per share and return on shareholders' equity is not applicable.

(V) Remuneration of employees, Directors and supervisors

1. The percentages or ranges with respect to employee, Director, and supervisor compensation, as set forth in the Company's Articles of Incorporation:

According to Article 20 of the Company's articles of association, if there is profit in the year, 5% to 10% should be allocated as employee remuneration and no more than 3% as Director remuneration. However, when the Company still has accumulated losses, it should reserve the amount in advance to make up for it. The aforementioned employees are paid in stock or cash, including employees of subordinate companies who meet certain criteria.

2. The basis for the estimation of the amount of remuneration of employees, Directors and supervisors, the basis for the calculation of the number of shares of employee remuneration distributed by shares, and the accounting treatment of the actual distribution amount if there is any difference from the estimation:
 - (1) Basis of current estimation: The Company takes the pre-tax net profit before deducting the remuneration of employees and Directors multiplied by the distribution percentage of remuneration of employees and Directors as stipulated in the articles of association.
 - (2) If the employee's remuneration is paid in shares, the number of shares allotted shall be calculated based on the closing price of common shares on the day before the Board of Directors. However, there was no allotment of shares in the remuneration of employees and Directors of the Company in the current period.
 - (3) If there is a difference between the actual distribution amount and the estimated amount, it shall be treated according to the change of accounting estimation, and the difference shall be recognized as the profit and loss of the current period.
3. The Board of Directors approved the distribution of remuneration
 - (1) The amount of any employee compensation distributed in cash or stocks and compensation for directors and supervisors. If there is any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized, the discrepancy, its cause, and the status of treatment shall be disclosed:

The distribution of employee remuneration and Director remuneration of the Company in 2024 was decided by the Board of Directors on March 12, 2025, as follows:

 - A. A total of NT\$67,752 thousand in cash remuneration was allocated to employees
 - B. A cash remuneration of NT\$13,579 thousand was allotted to Directors.
 - C. There is no difference between the amount of employees' cash remuneration and directors' remuneration resolved by the Board of Directors and the annual estimated amount of recognized expenses.
 - (2) The amount of employee remuneration distributed by shares and its share in the net profit after tax and employee remuneration of parent only or individual financial reports in the current period

The Board of Directors passed a resolution this year that there was no allotment of employee stock compensation, thereby this is not applicable.

4. The actual distribution of employee, director, and supervisor compensation for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed), and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated:

The Company's employee dividends and Directors' remuneration in 2023 are as follows:

Item	Resolution of the Board of Directors	Actual distribution (Note)		
	Amount (NT\$)	Amount (NT\$)	Number of shares upon conversion	Dilution ratio of equity (%)
Employee remuneration - cash	61,896,335	61,896,335	0	0
Directors' remuneration	12,634,379	12,634,379	0	0
Total	74,530,714	74,530,714	0	0

Note: there is no difference between the actually allocated remuneration of employees and Directors and the annual estimated amount of the recognized expenses.

- (VI) the Company bought back its shares: none.
- II Handling of corporate bonds: None.
- III Handling of preferred shares: None.
- IV Handling of overseas depository receipts: None.
- V Handling of employee stock option certificates: None.
- VI Handling of new shares with restricted employee rights: None.
- VII Merger or acquisition of shares of other companies and issuance of new shares: None.
- VIII Implementation of capital utilization plan: The Company has not issued or privately placed securities in the recent year, so there is no relevant information.

Chapter 4 Operation overview

I Business content

(I) Scope of business

◆ Main contents of business:

The business of the Company is as follows in accordance with Article 2 of the articles of association:

1. CC01110 Computer and its peripheral equipment manufacturing industry.
2. CC01120 Data Storage Media Manufacturing and Duplicating
3. CC01080 Electronics Components Manufacturing
4. F113050 Wholesale of Computers and Clerical Machinery Equipment
5. F213030 Retail Sale of Computers and Clerical Machinery Equipment
6. E605010 Computer Equipment Installation
7. F118010 Wholesale of Computer Software
8. F218010 Retail Sale of Computer Software
9. I301010 Information Software Services
10. J399010 Software Publishing
11. F119010 Wholesale of Electronic Materials
12. F219010 Retail Sale of Electronic Materials
13. E701010 Telecommunications Engineering
14. I501010 Product Designing
15. F401010 International Trade

ZZ99999 In addition to the permitted business, it may operate businesses not prohibited or restricted by laws and regulations.

◆ Operating proportion:

Unit: NT\$1,000

Item	Revenue and proportion	2024	
		Operating revenue	Operating proportion (%)
Commercial notebook computer		1,361,708	47.72
Rugged notebook computer		1,403,886	49.20
Maintenance services and others - Commercial		87,797	3.08
Total		2,853,391	100.00

Note: the revenue of rugged notebook computers includes rugged maintenance services and others

◆ Current product (service) items of the Company

- ◎ Sales of commercial notebook computers and their peripheral products

- ◎ Rugged notebook computer manufacturing and sales
- ◎ Manufacturing and sales of rugged vehicle mounted (including flat) computers
- ◎ Rugged keyboard manufacturing and sales
- ◎ Rugged tablet computer manufacturing and sales
- ◎ Docking station
- ◎ Battery charging base
- ◎ Vehicle power supply
- ◎ LCD series
- ◎ Rugged handheld computer manufacturing and sales

◆ New products (services) planned to be developed

- ◎ Rugged laptop.
- ◎ Rugged tablet.
- ◎ Rugged handheld computer

(II) Industry Overview

◆ Current situation and development of industry

◎ Rugged notebook computer

Rugged computer (including three specifications of notebook computer, tablet and handheld) refers to solid and durable computer equipment. This market is a highly customized, small and diverse niche market, emphasizing reliability and durability. As the digital trend of various industries brings diversified vertical application fields and use scenarios, rugged computer business opportunities are growing.

It is characterized by ruggedness, high reliability and mobility

As the name suggests, the rugged computer refers to a fairly "solid and durable" computer. It can still operate normally without downtime when used in extreme high temperature, humidity, rainy days or dusty and other harsh environments. It also has a long product life cycle and can withstand strong external impact, vibration or falling from high places. Therefore, the rugged computer is made of magnesium alloy shell and fully sealed design, making it have the advantages of "dustproof, waterproof, fall resistant and high and low temperature resistant", provide users with "high reliability" equipment, and then reduce the total cost of ownership (TCO).

Since most of the usage scenes of the rugged computers are located outdoors rather than indoor fixed points, in order to meet the mobility needs and portability of users, the rugged computers are developed into three types: notebook, tablet and handheld. Some notebook computers are designed as "two in one notebook computers", and

the keyboard can be used in the notebook mode, the display panel can also be rotated left and right to adapt to different viewing angles, and the keyboard can also be removed to use the touch screen as a tablet.

It is worth mentioning that with the maturity of network and cloud technology, data can be processed directly in the cloud through the network. As users are familiar with the use of mobile phones and other devices, the threshold of users is reduced. Industries such as retail, manufacturing, transportation and logistics are more willing to adopt rugged handheld computers and tablets. It is expected that the adoption rate of rugged tablets and handheld computers is expected to increase.

In addition, the design focus of the rugged computer also includes "sunlight readable display technology" and battery hot plugging technology. In the case of "sunlight readable display technology", by reducing the reflected light and increasing the brightness of the display screen, users can operate the computer in the hot sun without losing sight of the picture. In order to cope with long-term outdoor use, the rugged computer battery also has long-term use performance, dual battery design and "battery hot plugging technology". This technology refers to that when the computer is still running, the battery can be replaced without turning off the power supply, and there is no need to worry about work interruption due to power failure.

© Distribution of computer and its peripheral products

In 2024, after experiencing explosive growth during the pandemic, the PC industry entered a period of adjustment. Market demand has stabilized, but the application of innovative technologies has introduced new drivers of growth for the industry.

1. The Rise of the AI-PC

The widespread adoption of artificial intelligence technology has accelerated the rapid development of AI-PCs. In 2024, Mildef Crete Inc. became the distributor for several models of laptops equipped with AI chips, addressing the market's need for high-performance computing devices. We believe that AI-PCs will emerge as the mainstream product in the future computer market.

2. Green Manufacturing and Sustainable Development With the growing global focus on environmental protection, green manufacturing has emerged as a significant trend in the computer industry. In 2024, Mildef Crete Inc. further optimized its production processes, reducing energy consumption and waste emissions, and launched several products that meet environmental protection standards. This not only enhances our market competitiveness but also earned the trust of more customers.

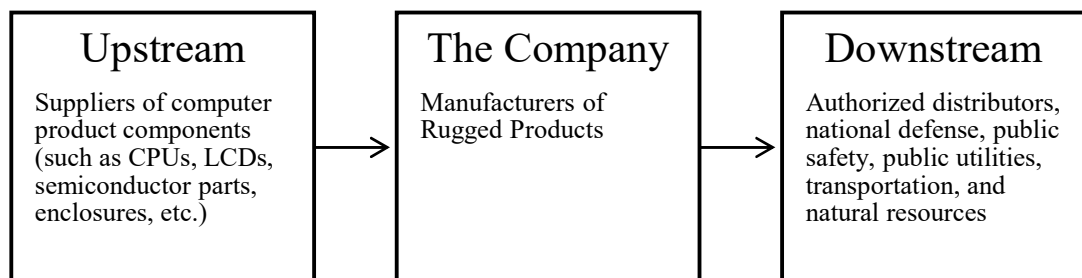
3. Supply Chain Optimization and Localization of Production In response to uncertainties in the global supply chain, Mildef Crete Inc. accelerated the

optimization of its supply chain and the layout of the localization of its production in 2024. We have established new production facilities and formed close partnerships with local suppliers. This not only reduces production costs but also enhances the stability of the supply chain.

◆ Relevance of upstream, middle and downstream industries

◎ Rugged notebook computer

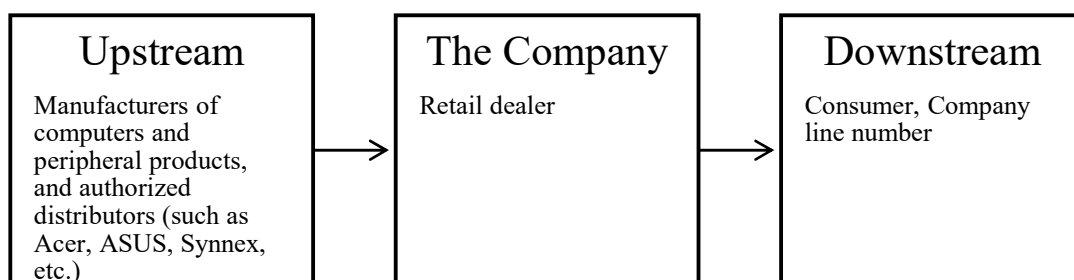
Mildef Crete Inc. specializes in the production and sale of rugged laptops, tablet computers, handheld devices, and accessories. Its sales target a diverse range of application fields, including defense, transportation, industrial manufacturing, the automotive industry, public utilities, natural resources, and public safety. As the demand for high durability and reliability continues to grow, the market potential for rugged computers is consistently expanding. Mildef Crete Inc. operates within the midstream industry, characterized by a well-defined supply chain structure. The upstream sector includes the semiconductor, electronic components, and precision machinery industries, which supply essential key components. The downstream market comprises government agencies, defense units, and information service providers, all of which have exceptionally high demands for product stability and safety. The Company is committed to providing high-performance rugged products that meet the stringent standards of various industries. We continuously invest in technological innovation to maintain our leadership in a highly competitive market.



◎ Distribution of computer and its peripheral products

Additionally, Mildef Crete Inc. is focused on the sales of laptops and related peripheral products, striving to offer a diverse range of options to meet market demand. However, due to the rapid iteration of market products and the corresponding decline in prices, manufacturers face rising operational costs in areas such as inventory management, distribution, and maintenance. Even with performance improvements, profits may not necessarily increase proportionally. To survive in this highly competitive market, it is essential to adopt a large-scale development strategy, focusing on procurement, modernizing storage equipment, and improving distribution efficiency to achieve economies of scale, thus securing

a space for survival. Currently, the larger suppliers in the market include Xander, AFASTOR, Weblink, Unitech, Genuine, Synnex, and others. The Company is a medium-sized player in the industry's midstream, with competitors of similar scale such as Mitsui and Hon Yu, targeting specific products to focus on niche markets and enhance competitiveness. Our upstream partners include well-known brands like Acer, ASUS, Lenovo, HP, MSI, Gigabyte, DELL, and Microsoft, while our downstream market primarily consists of general consumers. We are committed to meeting the needs of end customers and achieving sustainable business growth.



◆ Product development trend

◎ Rugged notebook computer

In 2024, the global defense industry encountered new opportunities for development. As geopolitical tensions escalate, national defense budgets of various countries are continuing to increase, particularly due to a significant rise in demand for unmanned aerial vehicles, cybersecurity, and smart weapon systems.

1. **Unmanned Aerial Vehicles and Smart Weapon Systems** In 2024, technology of unmanned aerial vehicles has advanced, becoming one of the core component of modern warfare. Mildef Crete Inc. has made significant progress in the development of unmanned aerial vehicles control systems and has established partnerships with several defense clients. We believe that the unmanned aerial vehicles market will continue to expand in the coming years.
2. **Cybersecurity and Information Warfare** With the widespread of information warfare, cybersecurity has become a top priority in the defense sector. Mildef Crete Inc. has continuously invested research and development resources to address information security and has successfully developed multiple products aimed at the defense market for information security. These products received multiple defense contracts in 2024, further strengthening our position in the defense market.
3. **Digital Transformation in National Defense** The digital transformation of national defense is expected to accelerate in 2024, as military around the world begins to extensively adopt smart devices and information systems. Mildef

Crete Inc.'s rugged industrial computers and customized solutions have demonstrated exceptional performance in this sector. In the future, we will continue to increase our investment in R&D to meet the demands of the defense market.

© Distribution of computer and its peripheral products

In 2025, the laptop industry will be influenced by various factors, including technological advancements, changes in market demand, the global economic situation, and the new normal in the post-pandemic era. The following is a preliminary analysis of the trends in the laptop industry:

1. Technological Innovation and Advancement

The enhancement of process technology, improvements in component performance, and the introduction of new hardware and software technologies will make laptops thinner, more efficient, energy-saving, and feature-rich. There will be more foldable and expandable designs to meet various user needs.

2. Integration of Artificial Intelligence (AI)

The integration of AI technology will further enhance the performance and intelligence of laptops. It is expected that more laptops will adopt solutions featuring AI processors, providing faster processing speeds and better energy efficiency.

3. Sustainable Development and Environmental Protection Trends

As climate change and environmental issues become increasingly severe, the laptop industry will prioritize sustainable development and environmental protection. Manufacturers must improve recycling initiatives, minimize the production of electronic waste, and incorporate more environmentally sustainable materials in product manufacturing.

4. The Ongoing Demand for Remote Work and Online Learning

In the post-pandemic era, the demand for remote work and online learning continues to grow. This will drive demand for high-performance laptops to meet the increasingly complex requirements of applications and multitasking.

5. Enhancement of Safety and Privacy Protections

In light of the rising incidence of data crimes and cyberattacks, manufacturers are expected to prioritize the implementation of more robust security features at both the hardware and software levels to ensure the adequate protection of users' data.

6. The Popularization of 5G and Wi-Fi 6 Technologies

The widespread adoption of 5G and Wi-Fi 6 technologies will enhance network connection speeds and improve wireless connectivity stability,

thereby positively impacting network performance and the user experience of laptops.

7. Price Competition and Market Diversification

As market competition intensifies, laptop computer prices are expected to become increasingly competitive. Manufacturers will place increased emphasis on diversifying various market segments and addressing customer needs by introducing a broader range of products with distinct styles and positioning.

In 2025, the laptop industry will experience continuous change and development. Supply chain manufacturers must closely monitor market trends, continuously innovate to meet user demands, and prioritize sustainable development and environmental concerns.

◆ Competition

◎ Rugged notebook computer

Although Panasonic, Getac and Dell are the three major manufacturers of global rugged computers, with the trend of digitization in various industries and the acceleration of the demand for contactless and work-from-home devices driven by COVID-19, business opportunities are brewing for rugged computers, attracting Taiwan computer manufacturers with manufacturing and production advantages to increase business momentum with high gross profit products. However, this market relies on SI or dealers to successfully bid, and once the bid is obtained, the two sides will usually establish a long-term cooperative relationship, which is the biggest challenge for newcomers to enter the market.

◎ Distribution of computer and its peripheral products

The competition in the same industry is very fierce, mainly due to the diversification of computer and peripheral equipment products, short life cycle and rapid price decline, which gradually increases the inventory cost, distribution, maintenance and other operating costs of various manufacturers, so that even if the performance is improved, the profit is not necessarily increased. Therefore, we must take the route of large-scale, and establish economies of scale in procurement, automated storage equipment, distribution efficiency and so on. At present, the larger operators include Synnex, Acer, Genuine, etc; med-sized companies such as Sanjing, Honyu and Mildef lock in a small niche market with specific products.

(III) Technology and R&D overview

- ◆ R&D expenses invested in the most recent year up to the printing date of the annual report:

Unit: NT\$1,000

Item	Year
	2024
R&D expenses	102,718
Net operating revenue	2,853,391
Proportion of R&D expenses in net operating revenue (%)	3.60

- ◆ Successfully developed technologies:

The Company uses its own personnel and equipment to develop a number of technologies in cooperation with customers and research institutions at home and abroad.

The description is as follows:

- ◎ Environmental resistance design:

In cooperation with National Chung-Shan Institute of Science & Technology (NCSIST), the organization and hardware design in line with the MIL-STD-810G standard of the U.S. military has been successfully implemented on the existing models, which have been verified by customers and are superior to competitors.

- ◎ Electromagnetic interference / tolerance design:

In cooperation with NCSIST, the whole machine design meeting the MIL-STD-461F standard of the US Army has been successfully implemented on several models.

Some models have even reached Tempest (NSA) AMSG (NATO) confidential computer standard, which is obviously much better than competitors.

- ◎ MTBF/MTTR (reliability / maintenance):

Cooperate with Taiwan Testing and Certification Center to establish a reliability evaluation system, which can predict and improve the reliability to meet the requirements of customers.

- ◆ Successfully developed products

In 2024, three new models are under development: the DR15 (military and industrial rugged tablet computers); the DP8 (military and industrial rugged tablet computers); and the DS16P (industrial rugged tablet computers).

(IV) Long term and short-term business development plan

- ◆ Short term development plan

- ◎ Marketing strategy:

A. Increase sales channels.

- B. Regularly participate in exhibitions and visit customers to improve customer satisfaction.
- ◎ R&D Strategy:
 - A. Improve specifications and create high standard products.
 - B. Cooperate with customers to develop derivative products and create a high-tech image.
- ◎ Production strategy:
 - A. Continuously reduce the process defect rate and improve product quality.
 - B. Reduce production costs.
- ◎ Business strategy:
 - A. Maintain a flat organization, make full use of internal information systems, and improve decision-making efficiency, execution and operational performance.
 - B. Train talents, strengthen staff training and recruit excellent talents to enhance the competitiveness of the Company.
- ◎ Financial strategy:

Maintain a good financial structure, properly plan the use of funds, and create the maximum return of capital under the principle of soundness.
- ◆ Long term development plan
 - ◎ Marketing strategy:
 - A. Establish strategic alliances with customers through investment and shareholding, and guide their testing and service capabilities, and gradually implement them to major countries, so as to achieve the framework of local operation and global support and expand market share.
 - B. Provide customers with competitive advantages and solutions, and establish a solid cooperative relationship with customers with innovative technology, reliable quality and perfect technical support and services.
 - ◎ R&D Strategy:

Continuously improve technology and develop high value-added products to create the best interests of the Company.
 - ◎ Production strategy:
 - A. Improve the proportion of automatic production, continuously improve efficiency, improve quality, reduce cost and defect rate.
 - B. Promote the satellite system, reduce material inventory and shorten order delivery time.
 - ◎ Business strategy:

- A. Grasp the international pulse and industrial development trend, deeply cultivate Taiwan market, plan for the world road map, and establish a global operation headquarters.
- B. Integrate the information systems between upstream suppliers and the Company and between the Company and downstream customers to enable closer integration and create dual win-win situations.
- ◎ Financial strategy:
 - A. High standard and strict risk control to grasp all possible risks.
 - B. Sustained and steady financial operation, in line with the operation objectives and development plans, strengthen the operation structure, improve the overall competitiveness, create the best rate of return on shareholders' equity, and give our shareholders sustainable, stable and growing profits.
 - C. Improve specifications and create a high-quality image.
 - D. Cooperate with customers to develop derivative products and create a high-tech image.

II Market, production and sales overview

(I) Market analysis

◆ Sales area of main products:

Unit: NT\$1,000

Region \ Year	2024		2023	
	Amount	Proportion (%)	Amount	Proportion (%)
Americas	187,469	6.57	93,275	3.12
Europe	1,048,769	36.76	993,445	33.24
Oceania	37,927	1.33	60,453	2.02
Asia	1,579,226	55.34	1,841,901	61.62
Total	2,853,391	100.00	2,989,074	100.00

◆ Market share:

Due to the small scale of rugged computers in the domestic market and most of the sales of various manufacturers are mainly for export, there are no clear industrial statistics. In terms of the distribution of computers and their peripheral products, due to the large number of competitors in the domestic market and the competitive status as the great one is always great, the Company is not a fully professional computer product agent, so we have a small share in Taiwan.

◆ Future supply and demand and growth of the market

◎ Rugged computer

★ Supply and demand

A. Demand side

The main sales targets of rugged notebook computers are government agencies or military units in various countries. Therefore, the unit price of such special specifications of notebook computers is expensive, which is usually in great demand in advanced countries and regions. At present, 70% are concentrated in the North American market, about 20% in the European market, and the remaining 10% are in the Asia Pacific region. Due to the increasingly powerful functions of rugged notebook computers, the scope of application is becoming wider and wider. In addition to the stable growth of the main market North America in the next few years, the compound growth rate of Europe and the Asia Pacific region will reach about 10% in the next five years.

B. Supply side

As the industry of rugged notebook computers is relatively special and the market is small, there is no relevant statistical data. Compared with the global commercial notebook computers, the production scale of the company is still small, and the rugged notebook computers are customized according to the special needs of different customers. Therefore, there is no risk of oversupply or insufficient supply.

★ Future growth

The scale of rugged notebook computers is gradually expanding, which has been widely accepted in some developed countries, and developing countries have gradually realized the necessity of using rugged notebook computers. In particular, police, patrol vehicles and detection vehicles have been regarded as necessary equipment, and the demand for special specification notebook computers for industrial use is also increasing. Therefore, compared with the commercial notebook computer industry, the market of rugged notebook computers still has considerable room for development in the next few years. At present, there are few manufacturers engaged in the industry, which belongs to a niche market with special specifications. Therefore, the Company can still maintain its competitive advantage and sustain stable profit growth in the future.

© Distribution of computer and its peripheral products

★ Supply and demand

1. Product price: As product specifications evolve more slowly, price is one of the most important factors for consumers to replace their computers. When the price is lower, consumers' willingness to replace will increase. For example, when the price of products drops rapidly, consumers will

give up repairing old products and buy new equipment, increasing the demand for notebook computer manufacturing industry.

2. Economic status: the economic status affects the willingness of enterprises and consumers to change computers. If the economic boom increases national income, it is expected to drive strong consumer spending, which will be conducive to consumers' purchase of computer products; On the contrary, conservative consumer spending will be detrimental to the growth of demand for notebook computers.
3. Innovation of related products or systems and software: with the introduction of new generation computers and new operating systems, the demand for computer hardware specifications may increase, which is expected to accelerate consumers to update the original notebook computers. On the contrary, the introduction of cross-border products has caused tablet computers to replace notebook computers, which is not conducive to the demand for notebook computers.
4. Substitution effect of notebook computer on desktop computer: due to the continuous narrowing of the price difference between notebook computer and desktop computer, and the hardware specifications of laptops have been brought closer to those of desktops, creating a substitution effect for laptops to replace desktops, resulting in an increase in demand for laptops.
5. Changes in computer use habits: the use habits of computer users have gradually changed from desktop computers to portable notebook computers. With the popularization of wireless networks, the use of networks is no longer limited to the places that can be reached by the network cable, which greatly enhances the convenience of notebook computers to surf the Internet, and is conducive to enhancing the market demand for notebook computers. However, tablet computers is more convenient to carry, which relatively dilutes the popularity of notebook computers.
6. The scale of e-sports game market and the application of virtual equipment are expanded: with the governments of various countries supporting the e-sports industry, and e-sports events are different from ordinary computer game software, there are winners and losers in the online game. In order to win the game, e-sports game players do not hesitate to spend money on hardware. In addition, the application of virtual reality devices is expanded, which has boosted the demand for e-sports notebook computers.

★ Future growth

With the advent of the trend of big data era, wearable devices play a key role in collecting user information, which also makes more and more brand factories introduce the research and development of wearable devices such as smart watches, smart bracelets and smart headphones, which has become the next wave of new technology trend after smart phones.

◆ Competitive edge

- ◎ The Company has established a global marketing network, has professional partners in various consumer countries, and invests in dealers in the most important North American and European markets. We can fully grasp the loyalty and market trends.
- ◎ With independent R&D personnel and established knowledge base and laboratory related to environmental resistance and electromagnetic interference, it is difficult for new competitors to catch up.
- ◎ Our products have been scattered to various markets and are less affected by economic changes.
- ◎ The Company's flexible production system can meet the needs of customers for small quantity, diverse design and fast delivery.
- ◎ The main management team has cooperated for more than ten years, the turnover rate of cadres and personnel is very low, and the cohesion of employees is strong.

◆ Favorable and unfavorable factors of development prospects

◎ Favorable factors

- ★ Master marketing channels and products, and the market is scattered
After years of efforts, the Company has established a close cooperative relationship with customers. Customers have also deeply cultivated this professional market and entered different industries and applications. The cooperation model has also been tested by actual battle with successful experience of repelling competition and winning orders for many times.
- ★ Strong R&D team and professional management talents
The Company's R&D team has more than 20 years of R&D experience in this field and has obtained a number of patented technologies leading the industry. Independent R&D ability can also master the development schedule of the latest technology. In addition, the professional management personnel of each department can ensure the stability and improvement of manufacturing cost control and quality capability.
- ★ Taiwan's overall information industry environment
Taiwan's advantages such as rapid and easy access to technology, parts, abundant professionals and complete support system are very suitable for the Company's high added value, small quantity with diverse design for business orientations.

◎ Adverse factors and countermeasures

- ★ Local manufacturer and Japanese giant brand Panasonic join the competition Notebook computer manufacturers Winmate and Panasonic transform and join competition, and strive for OEM or end customers with low price and large quantity.

Countermeasures: rugged computers are products with small quantity and diverse design, and customers often require local modifications. The Company should maintain the flexibility of small companies, quickly meet the special needs of customers, and strive to improve product specifications and quality, as well as reduce costs in order to maintain competitiveness.

- ★ The Company is small in scale and lack of funds and talents
At present, it is still in the stage of small and medium-sized enterprises. Although the profits are good, the popularity is not high, and it is difficult to obtain funds and talents.

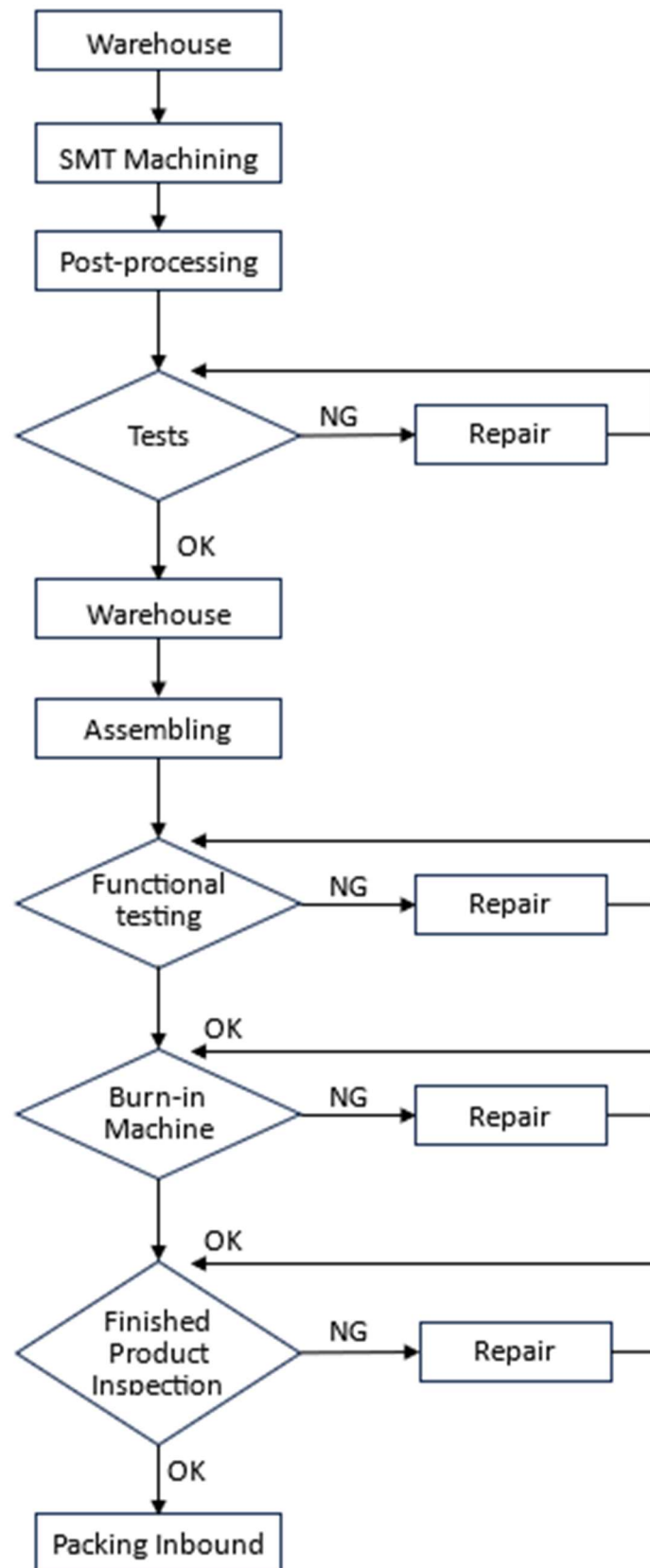
Countermeasures: make operation transparent and go listed to strengthen the Company's image, introduce public funds, implement employee stock option and reward and dividend system, and effectively attract talents.

(II) Important uses and production process of main products

◆ Main product uses

Main product name	Purpose	Production process
Rugged computer	Military use, police vehicle reconnaissance use, industrial use	The company develops, designs, produces, processes, assembles, tests, validates and packs by itself.
Distribution of computer and its peripheral products	Personal computer and all kinds of peripheral products required for use	There is no production process in this part

◆ Production process



(III) Supply of main raw materials

- ◆ The main raw materials of rugged notebook computers are liquid crystal display (LCD), hard disk (HDD), central processing unit (CPU), memory (RAM) and lithium battery. Among them, liquid crystal display accounts for the highest proportion of production cost, followed by central processing unit and hard disk.
- ◆ The distribution of commercial notebook computers and peripheral products is mainly to purchase and resell from well-known domestic manufacturers. At present, the purchasing sources of rugged notebook computers, computers and peripheral products are well-known agents at home and abroad, and have a stable cooperative relationship with the Company. The supply is stable and sufficient, so the source of production raw materials should not be scarce.

(IV) The name of the customer who has accounted for more than 10% of the total amount of purchase (sales) in any of the last two years and the amount and percentage of purchase (sales)

◆ Supplier

Unit: NT\$1,000

	2024				2023			
Item	Title	Amount	Percentage of net purchase in the whole year [%]	Relationship with the issuer	Title	Amount	Percentage of net purchase in the whole year [%]	Relationship with the issuer
1	Company A	658,710	37.25	None	Company A	713,292	35.38	None
2	Company B	402,157	22.74	None	Company B	331,231	14.53	None
3								
4								
	Other	707,494	40.01		Others	995,935	50.09	
	Net purchases	1,768,361	100.00		Net purchases	2,040,458	100.00	

◆ Customer of sales

Unit: NT\$1,000

	2024				2023			
Item	Title	Amount	Percentage of the net sales in the whole year [%]	Relationship with the issuer	Title	Amount	Percentage of the net sales in the whole year [%]	Relationship with the issuer
1	RODA	928,676	32.55	Other substantial related parties	RODA	781,274	26.14	Other substantial related parties
					Company A	318,669	10.66	
	Others	1,924,715	67.45		Others	1,889,131	63.20	
	Net sales	2,853,391	100.00		Net sales	2,989,074	100.00	

The increase or decrease of customers for sales is mainly due to the change of customer demand

III The number of employees, average length of service, average age and education distribution ratio of employees in the last two years and as of the printing date of the annual report:

Data of employees in the last two years and up to the printing date of the annual report

Year		Fiscal Year 2024	Fiscal Year 2023
Number of employees	Management	19	17
	R&D personnel	43	40
	Business personnel	122	132
	Production personnel	109	117
	Total	293	306
Average age		42.24	41.07
Average length of service		12.65	11.19
Education distribution ratio%	Doctor	0	0
	Master	6.14	4.58
	College	70.65	72.54
	High school	18.77	18.30
	Below high school	4.44	4.58

Gender distribution of employees for the last two years and as of the printing date of the annual report

Year	Fiscal Year 2024		Fiscal Year 2023	
	Number of people	Proportion	Number of people	Proportion
Male	189	64.51	202	66.01
Female	104	35.49	104	33.99
Total	293	100.00	306	100.00

IV Environmental protection expenditure

(I) Losses suffered due to environmental pollution in the most recent year and up to the printing date of the annual report (including compensation and environmental protection inspection results, violation of environmental protection laws and regulations, date of punishment, name of punishment, violation of laws and regulations, content of violation of laws and regulations and content of punishment shall be listed):

1. There was no violation of environmental protection laws and regulations in 2024 and up to the printing date of the annual report.
2. The business operations of the Company do not generate any significant pollution. The waste generated from production and activities is disposed of using the following methods:

Classification	Definition	Treatment method
General business waste	Wastes other than hazardous wastes generated by business units	Commission to cleaning personnel to properly handle it and stack it in a fixed place

Classification	Definition	Treatment method
Resource waste	Wastes generated by business units that can be recycled (such as paper, iron, aluminum, etc.)	The administration representative and the designated personnel shall properly handle it and stack it in a fixed place
Hazardous business waste	Hazardous waste (defective products) generated by business units in compliance with environmental protection related regulations	All departments shall properly keep the ordinary bad wastes, and give priority to use them if they can be recycled. After the annual scrapping operation is completed, it shall be handed over to the administration representative and the designated personnel to commission a qualified clearance and disposal provider for disposal.

(II) Future countermeasures and possible expenditures:

- ★ Future countermeasures: In October 2005, the Company passed the verification of ISO 14001 environmental management system of the Bureau of Standards, Metrology and Inspection, M.O.E.A., fully understood the importance of environmental protection, not only continued to advocate employees' awareness of environmental protection, but also implemented various measures related to environmental protection within the Company (please refer to pages 84-88 of this annual report).
- ★ Possible expenses: at present, we focus on the implementation of various measures related to environmental protection within the Company, and the Company's business operations are not expected to result in significant pollution. It is expected that there will be no large amount of expenditure.

V Labor relations

(I) Various Measures and Their Implementation Status

◆ Employee benefits

- ◎ The Company regards respecting human nature and caring for employees as one of its business philosophies. In order to fully take care of the physical and mental health of colleagues or their dependents, and establish various guarantees for their lives, so that they can concentrate on their duties, work hard for the Company without any worry, the Company hereby provides or sponsors various relevant welfare plans, and the Company's colleagues form a welfare committee, which is approved and put on record by the competent authority to be responsible for the planning and implementation of employee welfare matters. Its funding sources are (1) 0.5% of the monthly salary of employees (2) 0.1% of the monthly net operating

revenue (3) 40% of sales of scraps. At present, the following employee welfare measures have been handled:

- ☆ Insurance: labor and health insurance
 - ☆ Regular free employee health examination
 - ☆ Birthday gift money, Labor Day gift money, gift money for Dragon Boat Festival / Mid Autumn Festival / Spring Festival, year-end party and lottery
 - ☆ Various subsidies for employees' marriage, funeral, celebration, hospitalization and childbirth
 - ☆ Employee travel subsidy
 - ☆ Employee remuneration and sharing of business results
 - ☆ Set up various types of club activities, such as yoga club and spinning bike club
 - ☆ Separate nursery room and pumping room
 - ☆ Other matters related to employee welfare.
- ◎ In order to pursue the sustainable growth of the enterprise and share the operating results of the enterprise with employees, the measures for employees to subscribe for shares and stock options are implemented, and the concept of "employees are shareholders" is implemented.

◆ Employee further education and training

- ◎ In order to improve the working skills and professional knowledge of the Company's on-the-job employees, make them adjust to technological changes and market changes, cultivate high-quality talents through training, maintain their competitiveness, enhance work performance, improve product quality, strengthen the concept of environmental protection and environmental protection awareness, and enable the sustainable growth of employees' career development and enterprise operation, the Company has formulated the "operation procedure for education and training", and designated the HR Department as the authority and responsibility unit of the procedure, responsible for 1. handling the demand survey on education and training, summarizing the demand table of each unit, and preparing the annual education and training plan and 2. evaluating and reviewing the implementation results of education and training as a reference for future improvement.
- ◎ The Company's staff education and training includes:
1. Newcomer training: the HR Department shall handle the training for new employees, so that they can get familiar with the company environment, adapt to the Company culture and understand the relevant systems of the Company as soon as possible.
 2. Pre-service training: the supervisor of the employer shall assign senior employees or dedicated personnel to assist and guide new employees or new hires to meet with the colleagues of the service unit, environment, describe

work content, instruct the use of business instruments, etc., eliminate their fear for the new environment, and enable them to enter the work status as soon as possible.

3. On the job training: as the compliance with product quality and environmental protection requirements will be directly or indirectly affected by the implementation of relevant staff, the head of each unit may consider the work of employees and provide relevant professional knowledge or skill training to cultivate their ability.

On the job training is divided into internal training and external training.

Internal training: either by the organizer or hired scholars or experts to the Company's courses or lectures, e-learning or company policy advocacy.

External training: it can be assigned by the Company or applied for by employees, and there are regulations for cost subsidies if the employees apply for by themselves.

◎ Training hours planning:

(1) Manager, deputy manager, section chief, specialist, secretary and engineer: 24h / year

(2) Team leader, assistant, technician and other direct employees: 24h / year

- ◎ According to the nature of the course: fiscal and tax internal control, corporate governance, human resources law, environmental management, health management, labor safety, production process, product technology, business marketing, inspection and certification, operation process, system operation and others, 13 categories in total.

- ◎ The statistics and expenditure of staff further education and training in 2024 are as follows:

People	Total Hours (H)	Expenditure (NT\$1,000)
3,877	1,111	182

◎ Achievement of training hour planning in 2024

N0	Unit	Number of people	Target Training Hours	Actual Execution Hours	Achievement Rate in 2024	Training expenses	Average Training Hours per Employee	Achievement Rate in 2023	Training expenses	Differential Analysis (Achievement Rate)	Differential Analysis (expenses)
1	Research and Development Unit	43	894	1,226.5	137.19%		29	98.36%		38.83%	
2	Management Unit	19	442	883.0	199.77%		46	79.17%		120.60%	
3	International Sales and Marketing	14	320	406.5	127.03%		29	84.02%		43.01%	
4	Manufacturing Unit	110	2,558	2,676.0	104.61%		24	58.45%		46.16%	

N0	Unit	Number of people	Target Training Hours	Actual Execution Hours	Achievement Rate in 2024	Training expenses	Average Training Hours per Employee	Achievement Rate in 2023	Training expenses	Differential Analysis (Achievement Rate)	Differential Analysis (expenses)
4	System Manufacturing Business Department	186	4,214	5,192	123.21%	177,130	28	70.89%	89,580	52.32%	87,550
1	Domestic Channel Marketing	108	1,296	1,022.5	78.90%	4,500	9	0.00%	0	0.00%	
1	Channel Business Department	108	1,296	1,023	78.90%	4,500	9	0.00%	0	0.00%	4,500
5	Total (including 1 on leave without pay)	294	5,510	6,215	112.79%	181,630	21	70.89%	89,580	52.32%	92,050

Explanation of Performance:

- I. The Company places significant emphasis on the professional development and growth of its employees. In accordance with company policy, we have established an annual education and training plan along with specific objectives. These objectives include: training for new employees, professional skills development for current staff, inviting vendors or experts to share insights on market trends, and facilitating both internal knowledge sharing and external professional training. This ongoing transfer of experience enables the continuous updating of employees' professional skills and knowledge. Additionally, we provide a variety of learning channels and methods to cultivate talent, thereby enhancing the Company's competitiveness and consistently creating greater value.
- II. The total training achievement rate for this year is 112.79%. Each employee received an average of 21 hours of training, and the total training expenses amounted to NT\$181,630.

I. 2024 Employee Training Hours Statistics		2024		
		Male	Female	Total
Average Training Hours Across Different Job Levels	Management level	63	13	76
	Non-management level	126	92	218
Total Number of Participants		189	105	294
Total Employee Training Expenses		92,050		
Explanation: The company primarily focuses on internal training and free training courses provided by competent authorities or related parties				
II. Training Hours on Human Rights Matters		2024		
		Male	Female	Total
Human Rights Training Hours (Measures for the Prevention of Sexual Harassment)		2h	2h	
Total number of employees who have undergone human rights training		189	105	294
Total Employee Training Hours		378	219	597
Percentage of Employees Trained in Human Rights		63.31%	36.69%	100.00%

III. Overall Average Training Hours	
1.	Average Training Hours per Employee = 6215 hours / 294 people = 21 hours per person
2.	Average Training Hours per Female Employee = 2816 hours / 105 people = 26.82 hours per person
3.	Average Training Hours per Male Employee = 3399 hours / 189 people = 17.98 hours per person

◆ Retirement System

- ◎ The Company has formulated the "measures for the administration of employee retirement" and actuarial work on the retirement reserve through a professional actuary. The Company allocates the "retirement reserve" within the limit of 2% of the total salary of employees every month and deposit it in the special pension account of the Bank of Taiwan. By the end of 2024, the balance of the special pension account was NT\$65,011 thousand. According to estimates from the Human Resource Department, this amount is sufficient to cover the retirement payments for employees eligible to retire in 2025.
- ◎ The "retirement reserve supervision committee" organized by both employers and employees is responsible for the management, supervision and review of matters related to retirement reserve.
 - (1) If a colleague complies with the retirement regulations, the Company may give two base amounts for each full year of his / her working experience. However, for more than 15 years of working experience, a base amount shall be given for each full year, with a maximum of 45 base points. For less than half a year, it shall be counted as half a year and for half a year, it shall be counted as one year.
 - (2) Every year, the HR Department estimates the pension amount of employees eligible for retirement in the current year. If the special pension account is insufficient, it shall be appropriated to the account through the resolution of the committee to protect the due rights and interests of employees.
- ◎ Since July 1, 2005, in line with the implementation of the Labor Pension Act (hereinafter referred to as the "new system"), if the employees who originally applied the measures choose to apply the service length after the new system is implemented, or the employees who come to work after the implementation of the new system, their service length will be changed to the defined contribution system, and the payment of their pension will be set aside by the Company at 6% of their monthly salary and deposited in the individual account of labor pension.

- ◎ In 2024, the pension cost allocated by the new and old system was NT\$11,581 thousand, and two colleagues retired.
- ◆ Negotiations between labor and management and measures for safeguarding the rights and interests of employees
 - ◎ The Company has always handled labor relations in line with the business philosophy of integration of labor and management, coexistence and common prosperity, so it attaches great importance to the opinions of employees. Employees can reflect their problems in work and life at any time through the formal and informal communication channels of the company. Through the following two-way communication opportunities, the company and employees can better understand and recognize each other, so as to gather consensus and create good results.
 - ◎ Labor-management coordination meeting - held quarterly
The advocacy communication of the Company's systems and the two-way communication between employees on the Company's various decrees, working environment, safety and health and other issues. Through this negotiation and communication model, both labor and management can strengthen the good faith relationship of mutual trust and mutual understanding, which can be used as an important reference source in management and administration.
 - ◎ Employee welfare committee - re-elected annually
The employee welfare committee is appointed with employees who are enthusiastic about public welfare and good at communication to lead the Company's welfare measures:
 - (1) Welfare subsidies - marriage, funeral, happiness, celebration, birthday, childbirth, hospitalization for injuries and illness; emergency relief is handled as a special project.
 - (2) Cultural and recreational activities - tourism, lottery, birthday party, leisure club recreation facilities or activities.
 - (3) Annual festivals - Dragon Boat Festival, Labor Day, Mid Autumn Festival.
 - (4) Other benefits - decided by the committee at its meeting.
 - ◎ Regular health examination-
In order to maintain the health of colleagues, the Company hires a professional medical team to the factory every year to carry out general health examination for all employees.
 - ◎ Employee remuneration -
In order to increase employees' sense of participation in the Company and improve business and management performance, according to the articles of association adopted by the Board of Directors of the Company but not resolved by the shareholders' meeting, if there is profit in the year, 5% ~ 10% shall be allocated as employees' remuneration. Let employees gather their cohesion with the Company

through the process of profit sharing, and then work together for the overall goal of the Company.

- ◎ In order to safeguard gender equality and the dignity of employees in work, it is combined with existing laws and regulations, such as the Act of Gender Equality in Employment:

Formulate the Company's female personnel protection procedures and measures for the prevention and treatment of sexual harassment, so as to safeguard the rights and interests of employees and strengthen workplace safety.

- ◎ Formulate a "work rules" manual for employees, advocate it when new employees report for duty, and place it on the Company's internal website.

- (II) For the most recent year and up to the printing date of the annual report, the losses suffered due to labor disputes (including the violation of the Labor Standards Act in the labor inspection results, the date of sanction, the document number of sanction, the provisions of the law violated, the content of the law violated, and the content of the sanction should be listed), as well as the estimated amount of current and potential future losses and response measures should be disclosed:

1. In 2024, a total of six labor inspections were conducted, along with two cases of workplace bullying involving labor-management disputes. Of these, one labor inspection resulted in a penalty, and one labor-management dispute is still under resolution, while the others did not violate any relevant regulations.

Date of Penalty	Penalty Reference Number	Violation of Regulatory Provisions	Content of Regulatory Violation	Content of the Penalty
2024.07.01	Gao-Shi-Lao-Tiao-Zi No. 11334875400	None	The Company does not provide attendance records for employees during their tenure	A fine of NT\$20,000

2. In the future, the Company will continue to adhere to the consistent principle, continuously improve various welfare measures of employees, maintain smooth communication channels, and sustain good labor relations and consensus. Therefore, there should be no risk of labor disputes in the future.

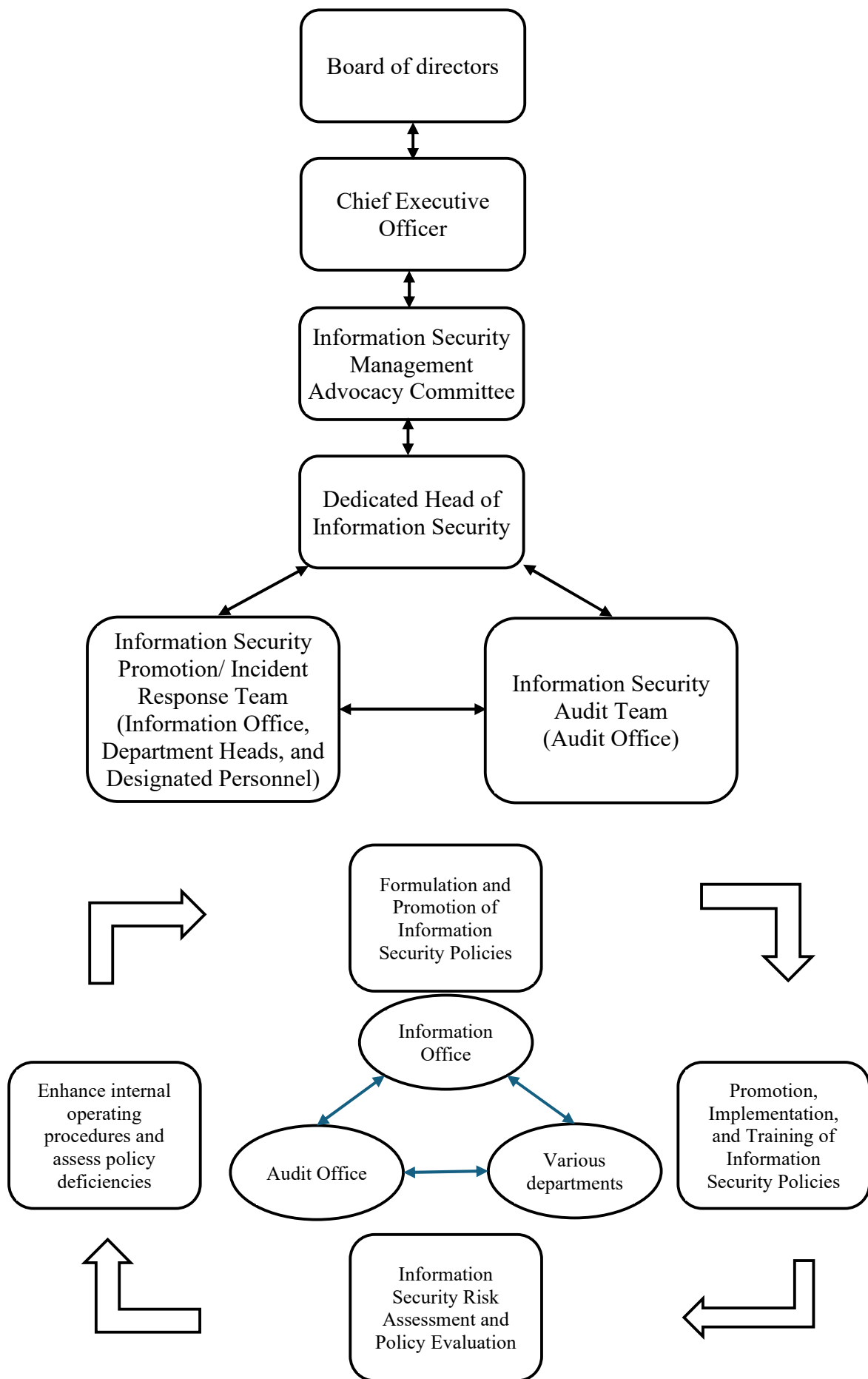
VI Information security management

- (I) Information security risk management framework, policies, specific management plans, and resources dedicated to information security management

◆ Management framework

The "Cyber Security Management Measures" were established on October 18, 2023, and approved by resolution at the fourth session of the 14th Board of Directors on November 1, 2023.

Management framework as follows-



◆ Information security risk assessment

1. Classify the company's various operations into core and non-core businesses

Business Classification	Description
Core Business	Internal operations of the company and businesses essential for providing critical infrastructure
Non-Core Business Systems	Relevant business information systems, such as information transmission, client services, and others

* Core Business

Core Business	Core Information Security Business	Explanation of Importance	Description of Impact of Service Disruption	Maximum Tolerable Downtime
Process-Oriented Enterprises Resource Planning	Workflow ERP GP (DINGXIN COMPUTER)	Departmental Process Resource Planning	Interruptions will prevent departments from carrying out their tasks	12Hr
Email	Hardware-based Mail Server (ShareTech Information)	Internal and External Business Communications	Failure will result in the inability to deliver real-time information	12Hr
Graphic and Text Management System	DOC System (Company-Built)	R&D Division Product Graphic and Text Management System	Interruptions will prevent the retrieval of R&D product information (old data)	24Hr
Human Resources and Payroll Management System	Human Resource and Payroll Management System (SunCity Information)	Human Resource Attendance Management System	Interruptions will cause attendance to become ineffective, preventing accurate payroll calculation	12Hr
Intelligent On-Site Execution System	sMES (DINGXIN COMPUTER)	Production Line Product Manufacturing Process and Serial Number Collection	Unable to effectively assign manufacturing tasks and record serial numbers for semi-finished and finished products	12Hr
Product Lifecycle Management System	Open PLM (Broadway Consulting)	R&D Division: Management and Approval of R&D Documentation and BOM	Unable to effectively manage the registration and control of product data	12Hr
Customer Relationship Management System	CRM (DINGXIN COMPUTER)	Customer Quotation and Relationship Management	Unable to effectively and completely provide quotations to customers	24Hr
File Server	Synology RS1221+(NAS)	Department Document Storage Space	Unable to effectively access important documents and information	24Hr
Channel Business Division Intranet System	.NET Platform (In-house Built)	Inventory Management and Employee Attendance	Unable to effectively manage product sales information and employee attendance	12Hr

* Non-core Business

Non-core Business	Description of Impact of Service Disruption	Maximum Tolerable Downtime
Company Official Website	Unable to effectively promote the company's current business and allow customers to download drivers and other resources	48Hr
Endpoint Protection Software System	The endpoint retains basic protection capabilities even after failure (Windows' built-in security software)	48Hr
Backup System	Backup retention is maintained for a specified number of days, with losses occurring for backups affected during the failure period	48Hr

2. Classification Based on the Occurrence of Information Security Incidents

Category	Incident Status
Natural Disasters	Fire, Flood, Earthquake, etc.
Data Center Facility Failure	Failure of UPS, power supply, cooling, air conditioning, etc.
System Abnormality	Hardware equipment failures (computer mainframes and components), as well as software anomalies (databases, ERP systems, and other service applications)
Network Anomaly	Network Disruption
Hacker Intrusion	The attack caused system damage and disruptions (including viruses, ransomware, and DDoS attacks)
Operational Error by Personnel	The personnel failed to comply with the relevant operational procedures. The vendor's maintenance and repair personnel failed to perform the assessment and risk control procedures as required by regulations. Deliberate sabotage, unintentional negligence, leakage of sensitive information, and violations of cybersecurity regulations. The personnel failed to comply with the relevant operational procedures.
Equipment theft	Equipment being stolen
Others	Unclassifiable Items

3. Classify the impact of incidents based on their effect on the company

Impact of the Incident Level	Evaluation Content
Level 4	Leakage of confidential data. The core business systems or data have been severely tampered with or damaged. A significant impact on multiple business operations and systems, negatively affecting the company's reputation.
Level 3	Leakage of internal restricted access information. Impact on core business operations or disruption of related system services. Impact on core business operations or disruption of related systems.
Level 2	General level, non-core business systems. The data has been mildly tampered with, impacting business operations and reducing system efficiency. Does not impact critical business operations or system functionality.
Level 1	Non-core business assets. The impact on losses is minimal and does not affect business operations or system functionality.

◆ Information and communication security policy

* Purpose

In order to ensure the smooth operation of the Company, prevent unauthorized access, use, control, leakage, destruction, manipulation, destroy or other infringement of information or communication system, and ensure its confidentiality, integrity and availability, the policies are formulated as follows: to safeguard the confidentiality, integrity, and availability of the Company's business information.

* Management Principles

1. It is essential to protect the confidentiality and integrity of sensitive information and information systems to prevent unauthorized access and tampering.
2. In response to the evolving landscape of information and communication security threats, it is essential to enhance our employees' awareness of information security. Employees are required to actively engage in information security education and training. The Company will periodically conduct awareness campaigns on information security.
3. Do not open emails from unknown sources or with senders that cannot be clearly identified.
4. Portable media must be utilized in accordance with the management regulations of each respective information system.

5. The use of systems and data requires authorization, and access rights should be granted based on the principle of the minimum necessary scope to fulfill business needs.
6. Establish an information security organization and clearly define its responsibilities and authorities to enhance the management, execution, and auditing of information security.
7. Establish regulations and procedures pertaining to information security management to safeguard the confidentiality, integrity, and availability of personnel, data, information systems, equipment, and networks.
8. Conduct irregularly scheduled information security management meetings to review the latest developments in internal and external risks, technology, and business needs, in order to implement appropriate response measures.
9. Establish appropriate redundancy and backup mechanisms for information systems, and conduct response drills to enhance the resilience of information services against potential threats.
10. Implement ongoing employee information security training to continuously improve staff awareness of information security threats.
11. Handle and protect the security of data and systems with caution, in accordance with the regulations related to information security and personal data protection.

* Target

1. Quantitative Objectives:
 - (1) Upon becoming aware of the information security incident, the notification, response, and recovery operations can be completed within the specified timeframe.
 - (2) The availability of the core information and communication system is over 99.99%. ($\text{Downtime Hours} / \text{Total Operating Hours} \leq 0.1\%$).
 - (3) Account sharing is strictly prohibited, and the use of weak passwords is not permitted.
2. Qualitative Objectives:
 - (1) Timely adjust the content of information and communication security maintenance in response to changes in laws and technologies to prevent unauthorized access, use, control, leakage, destruction, alteration, or other violations of information systems or data, thereby ensuring their confidentiality, integrity, and availability.
 - (2) Achieve the required levels of information security responsibility classification within the Company and reduce the threat of information security risks.

- (3) Enhancing personnel awareness of information security measures, and effectively detecting and preventing external attacks.

* Review:

1. This policy will be reviewed at least annually to incorporate the latest developments in relevant regulations and the Company's operations, and to implement necessary adjustments.
2. This policy revision will become effective on the date of its announcement, following approval by the General Manager (Chief Executive Officer). Furthermore, the policy revision should be communicated to stakeholders, such as all employees, partner vendors, suppliers, etc., through announcements, written notices, emails, or other means.

◆ Specific Management Plan

The Company's information security risk through the results of risk identification and risk assessment, confirm the adverse impact of the security risk on the business, and take corresponding management measures as follows:

1. There are "electronic operation cycle" measures to clarify the planning and application policies of information and communication security rights and responsibility units and information systems, as well as their handling and application procedures, so as to meet the requirements of operation safety, standardization, rationality and legitimacy and protect the rights and interests of the Company.
2. Network firewall setting - hardware firewall device.
3. Anti-virus software settings - use the central control security software of Trend Micro for corporate use.
4. System program data access control -
 - (1) Establish identity permissions to govern file use.
 - (2) Establish remote data backup mechanism.
5. Computer management control of e-mail and personal work - establish identity and set personal password control.
6. Information system disaster recovery plan.
7. Production line - automatic plug-in equipment -
 - (1) No networking of equipment
 - (2) The program is distributed to the workstation of each device. Stealing a single program cannot destroy
 - (3) The procedures used in production are placed on the Company's intranet, and only the user units can access them with the authorized password.
8. Compliance

The Company and its employees shall comply with various laws, decrees, regulations or contractual obligations related to information security, as well as

matters required by the Company's information security specifications. Regularly conduct information security audits to implement control measures related to information security.

9. Implementation of internal audit

The audit unit shall list information security as an annual audit operation every year, and report the audit results to the audit committee and the Board of Directors respectively.

◆ Resources input in information and communication security management

1. The new generation of hardware firewall, status firewall, built-in anti-virus, anti-spyware and intrusion prevention can effectively protect internal security.
2. The security protection software Apex One and the latest version of Trend provide endpoint protection for users.
3. Multi-functional email server with built-in anti-virus function scans, filters and isolates every email sent and received, and built-in active spam filtering engine effectively prevents phishing and bad emails.

◆ Information Security Officer and Information Security Staffing

Unit Job Level	Personnel Authority and Responsibility	Name	Duties and Responsibilities	Remark
General manager	Convener	Yi-Tong Shen	<ol style="list-style-type: none"> 1. Responsible for the approval, announcement, and publication of information security policies, objectives, and related procedures 2. Report on the implementation of information security matters at the Board of Directors Meeting 	
Executive vice president	Dedicated Head of Information Security/ Spokesperson	Yong-Xiang Chou	<ol style="list-style-type: none"> 1. Confirmation and Reporting on the Execution Status of the "Information Security Promotion Task Force" 2. In the Event of Receiving Incidents Related to Internal or External Information Security Management, Contact the Appropriate Handling Units for Control and Resolution 3. Responsible for External News Releases and Statements, Event Consolidation, and Development of Media Communication Plans 	On May 3, 2023, the 18th session of the 13th term Board of Directors passed a resolution to appoint
Senior Engineer - Information Office	Information Security Officer	I-Hua Chien	<ol style="list-style-type: none"> 1. Develop and implement information security initiatives, identify information security risks and levels, and execute response procedures 2. Handle recovery operations or system rebuilding according to the response procedures 	

- ◆ In addition to the previously mentioned management plan, the following measures were implemented in 2024:

1. Irregularly sending emails to employees to inform them of recent information security incidents and remind them to stay vigilant about information security.
2. On July 2, 2024, the Information Office prepared a presentation to provide fundamental education and training on information and communication security for colleagues. The content includes the following topics: 1. Information Security Classification and Case Sharing 2. Information Security Risks 3. Safe Browsing Practices 4. Personal Computer Security Precautions 5. Mobile Phone Security Measures.

- (II) Losses, possible impacts and countermeasures caused by major information and communication security incidents in the most recent year and up to the date of printing of the annual report: None.

VII Important contract

Supply and sales, technical cooperation, engineering contracts, long-term loan contracts and other important contracts sufficient to affect the rights and interests of investors that are still valid and expire in the most recent year: None.

Chapter 5 Review and analysis of financial position and financial performance and risk matters

I Financial position

(I) Comparative analysis of financial position

Unit: NT\$1,000

Item \ Year	Fiscal Year 2024	Fiscal Year 2023	Difference	
			Amount	%
Current assets	2,429,989	2,167,577	262,412	12.11
Long-term investments	-	-		
Fixed assets	343,674	256,545	87,129	33.96
Intangible assets	5,722	6,458	(736)	(11.40)
Other assets	1,429,462	1,063,588	365,874	34.40
Total assets	4,208,847	3,494,168	714,679	20.45
Current liabilities	611,634	684,045	(72,411)	(10.59)
Long-term liabilities	-	-		
Other liabilities	316,662	252,304	64,358	25.51
Total liabilities	928,296	936,349	(8,053)	(0.86)
Share capital	586,855	586,855	-	-
Capital surplus	74,381	74,113	268	0.36
Retained earnings	1,925,319	1,634,564	290,755	17.79
Other Equity	670,399	241,646	428,753	177.43
Total shareholders' equity	3,280,551	2,557,819	722,732	28.26

Explanatory analysis of changes in the proportion of increase or decrease (if the change in the previous and subsequent periods is more than 20% and the amount of the change reaches NT\$10 million):

The increase in fixed assets is primarily attributed to the repairs made to the plant, as well as the acquisition of machinery and equipment during this period.

The increase in other assets and total assets is mainly due to non-current financial assets measured at fair value through other comprehensive gains and losses based on market appraisal for the current period.

The increase in other liabilities is mainly due to the increase in the amount of non-current valuation of financial assets at fair value through other comprehensive income (compared with the same period of last year), which led to an increase in deferred tax liabilities.

The total amount of other equity and shareholder equity has increased as mentioned above.

- (II) The primary reasons for significant changes in the financial condition over the past two years, along with their material impacts, should be clearly explained. If the impact is substantial, future response plans should also be described

To sum up, the changes in the financial position of the Company in the last two years are benign changes.

II Financial performance

- (I) Main reasons for significant changes in operating income, net operating income and net income before tax in the last two years

Unit: NT\$1,000

Item \ Year	Fiscal Year 2024	Fiscal Year 2023	Increase or decrease amount	Percentage change (%)
Net operating revenue	2,853,391	2,989,074	(135,683)	(4.54)
Operating cost	1,955,354	2,088,559	(133,205)	(6.38)
Gross operating profit	898,037	900,515	(2,478)	(0.28)
Gross profit realized (unrealized) from sales of goods among affiliated companies	-	-		
Realized gross operating profit	898,037	900,515	(2,478)	(0.28)
Operating expenses	355,561	319,745	35,816+	11.20
Operation interests	542,476	580,770	(38,294)	(6.59)
Non-operating income and expense	96,974	7,871	89,103	1,132.04

Net profit before tax from continuing operations	639,450	588,641	50,809	8.63
Income tax expense (gain)	137,153	122,004	15,149	12.42
Net profit after tax from continuing operations	502,297	466,637	35,660	7.64
The analysis of the proportion of increase or decrease of more than 20% is as follows: The increase in non-operating income and expenses is primarily attributed to higher dividend income and exchange gains received during the current period compared to the previous year.				

- (II) Expected sales volume and its basis, possible impact on the Company's future financial and business, and response plan:

The Company has no public financial forecasts and sets internal targets solely on the basis of the industry environment and market supply and demand conditions and the company's operating conditions. The company will continue to invest more resources in technological innovation, quality improvement and reduction of manufacturing costs to achieve profitability goals.

III Cash flows

- (I) Analysis of cash flow changes in the last two years

Item \ Year	Year		Percentage increase (decrease) %
	Fiscal Year 2024	Fiscal Year 2023	
Cash flow ratio	93.92	13.39	601.42
Fund flow adequacy ratio	68.93	63.32	8.86
Cash reinvestment ratio	9.89	(6.09)	262.40
Analysis explanation of increase or decrease in the proportion of change of more than 20% The increase in the cash flow ratio and the cash reinvestment ratio is mainly due to the increase in net cash flow from operating activities in the current period compared to the previous year.			

- (II) Improvement plan for insufficient liquidity: The Company did not suffer from insufficient liquidity.
- (III) Analysis of cash liquidity in the next year

Unit: NT\$1,000

Cash balance at the beginning of the period	Net cash flow from operating activities throughout the year	Annual cash outflows	Amount of cash remaining (shortfall)	Remedial measures for cash shortfall	
				Investment plan	Financing plan

533,521	200,000	400,000	333,521	0	0
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1. Analysis of changes in cash flows in the next year:
 - (1) Net cash flow from operating activities throughout the year: mainly due to net operating profit.
 - (2) Annual cash outflows: mainly related to investment activities and financing activities, estimated cash outflows are as follows:

Investment activities: mainly related to the acquisition of fixed assets.

Financing activities: mainly related to the distribution of cash dividends
2. Remedial measures for expected insufficient cash: not applicable.

IV Effect of significant capital expenditure on financial business in the most recent year

(I) Application and source of funds of major capital expenditure:

The capital expenditure of the consolidated company in 2024 was approximately NT\$89,398 thousand, which was mainly used for the purchase of additional machinery and equipment as well as the enhancement of right-of-use assets improvements; the sources of funds were own funds.

(II) Expected benefits:

The aforementioned significant capital expenditure is required for future development, helping to increase capacity, reduce unit production costs and increase revenue.

V Reinvestment in recent years

(I) Reinvestment policy

The Company's reinvestment policy is to establish complete marketing channels and provide fast after-sales services through investment, alliances with distributors who are familiar with the local industry environment or have strong sales service capabilities, in order to meet the unique needs of each regional market to develop potential new customers and increase market share.

(II) Analysis of gain or loss on reinvestment and improvement plan

Analysis of gain or loss on reinvestment

Unit: NT\$1,000

Item \ Year	Fiscal Year 2024		
	Shareholding ratio (%)	Gain (loss) of invested company in the current period	Recognized gain (loss) on investment in the current period
Invested company			
Flexbasis Technology Inc. (Note 2)	56.22	16,915	9,087
MilDef Crete Australasia Pty. Ltd.	100.00	3,196	3,196

Note: Has been written off in the consolidated financial report.

(III) Investment plan for the next year:

To establish complete marketing access and provide fast after-sales service to meet the unique needs of each regional market; to develop potential new customers and increase market share, and plant to establish a closer relationship with existing distributors.

VI Analysis and evaluation of risk matters in the most recent year and up to the printing date of the annual report

Evaluate the following matters in the most recent year and up to the printing date of the annual report

(I) Effect upon the Company's profits (losses) of interest rate and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

- ◆ Effect upon the Company's profits (losses) of interest rate and exchange rate fluctuations and changes in the inflation rate

Unit: NT\$1,000

Analysis items	2024		
	Interest income	Interest expense	Net gain (loss) on exchange
Interest income/interest expense/net exchange gains	11,459	1,424	19,397
Percentage of net operating revenue (%)	0.40	0.05	0.68
Percentage of operating profit (%)	2.11	0.26	3.58
Percentage of net income before tax (%)	1.79	0.22	3.03

Due to the low ratios, the impact of interest rates, exchange rate movements and inflation on the Company's revenue and profits is not significant.

- ◆ Specific measures taken by the company in response to changes in interest rates, exchange rates and inflation

- ★ Changes in interest rates

- ◎ It can be seen from the above table that the Company mainly operated with its funds, the amount of external borrowing is not significant, and the financial assets of the company are not materially affected by the change in interest rate. Therefore, the company's management believes that the change in interest rate has no significant impact on the company's short-term profit or loss.
- ◎ In terms of assets, except for short-term fixed income bonds, which are mainly invested in highly liquid bonds and time deposits with banks to protect the investment capital and mitigate risks, which are not significantly affected by changes in interest rates; and early payment of manufacturers' goods to obtain interest income.

- ★ Changes in exchange rates

The Company is exposed to exchange rate risk arising from sales and purchase transactions that are not denominated in the functional currency (NTD) of the Company. The currency in which these transactions are denominated is US Dollars. However, since the net position of the Company's foreign currency assets and liabilities is usually not significant, the management of the company, in addition to continuously controlling the Company's net foreign currency exposure position at an acceptable level, also believes that the Company's exchange rate risk is not significant.

The response measures taken by the Company are:

- ◎ Through export and import goods, the offset of foreign currency claims and debts can produce a natural hedging effect, thus reducing the exchange risk.

- ◎ There are "procedures for dealing with derivatives transactions" as the management basis for engaging in foreign exchange financial operations.
- ◎ Collect relevant information about exchange rate changes every day and fully grasp the trend of exchange rate. In case of large changes, in addition to the①processing, and appropriately retain the original currency received for export to reduce exchange risk.

★ Inflation

- ◎ The Company's main export markets are Europe and North America. The Company does not believe that inflation in the Republic of China, Europe and North America has a significant impact on the Company's operating results in 2024. However, the Company cannot guarantee that future inflation will not have a material adverse impact on the Company's operating results.
- ◎ The Company will continue to focus on various cost reduction measures, which is a consistent policy and will not be changed due to the external environment of inflation or deflation.

(II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future

- ◆ High risk and highly leveraged investments, fund loans to others, endorsements and guarantees, and derivatives transactions in the most recent year:



In order to ensure the safety of assets, the Company is not engaged in high-risk and highly leveraged investment. If there are idle funds, the Company will adopt a more stable fixed deposit or principal guaranteed bond fund, so the Company will not incur losses.


- ◆ Specific response measures of the Company

- ◎ The Company has established the operating procedures for lending funds to others, the measures for external endorsements and guarantees, and the procedures for dealing with derivatives transactions as the management basis for various operations.
- ◎ Capital management -
Based on the characteristics of the current operating industry and the development of the Company in the future, and considering the changes of the external environment and other factors, the Company plans the working capital, research and development expenses and dividend expenses required by the Company in the future, so as to ensure that the Company can continue to operate, give back to shareholders and take into account the interests of other stakeholders, and maintain the best capital structure to enhance shareholder value in the long run.

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

◆ Future R&D plan:

Product	Functions and characteristics
<p>DR15 (Military and industrial rugged tablet computers)</p> 	<ol style="list-style-type: none"> 1. Equipped with the Intel® Core™ i7-1185G7E processor, which supports vPro® technology, has a 12MB smart cache, and can reach speeds of up to 4.40GHz, this high-performance processor is well-suited to meet a wide range of industrial demands. 2. The 8.4" XGA (1024 x 768) LCD features a high brightness of 700 nits and an Air Bonding design, ensuring excellent outdoor visibility and delivering clear image quality. 3. Built-in 16GB DDR4-3200 memory, expandable up to 32GB, ensuring smooth operation and suitability for high-load applications. 4. The standard configuration includes a 512GB PCIe 3.0 SSD, with optional expansions of 256GB or 1TB, offering both high-speed access and substantial storage capacity. 5. The multi-connectivity capability includes a built-in Gigabit Ethernet (Intel® I219LM), with an optional second LAN (Intel® I210 GLAN), ensuring a more stable network connection. 6. Enhanced security with TPM 2.0 hardware security, administrator password protection, and support for a Kensington lock slot, ensuring both device and data security. 7. The device offers highly expandable I/O interfaces, including two USB 3.2 Type-A ports, a USB 3.2 Type-C port with PD charging, a DB9 COM1 port, an SD card slot, and an ExpressCard slot, making it compatible with a wide range of industrial equipment. 8. This device supports a hot-swappable dual battery design, featuring a built-in 10.8V / 5300mAh standard battery, with an optional 10.8V / 9100mAh high-capacity battery, offering extended battery life. 9. The military-grade protection level meets IP65 standards, MIL-STD-810H (1.5m drop test), and MIL-STD-461G, making it ideal for harsh environments. 10. Comprehensive support for peripheral accessories, including multi-battery charging docks, military-grade DC power adapters, vehicle power cables, and Docklite expansion bases, making it ideal for military, outdoor, and professional applications.
<p>DP8 (Military and industrial rugged tablet computers)</p> 	<ol style="list-style-type: none"> 1. The Intel® Atom® x6211E processor, paired with the Windows 11 operating system, offers lightweight yet high performance, making it ideal for industrial applications. 2. The 8-inch (1920 x 1200) LCD display supports a high brightness of 1000 nits and features optical bonding, ensuring excellent readability in outdoor conditions. 3. Built-in 16GB DDR4-3200 memory, expandable up to 32GB, ensuring efficient multitasking performance. 4. 128GB PCIe 3.0 SSD, with optional upgrades to 256GB / 512GB / 1TB, offering large storage capacity and high-speed access. 5. The built-in HD Audio Codec and amplifier, along with a single speaker and digital microphone, provide clear audio output. 6. Comprehensive wireless connectivity support, including Wi-Fi 6E, Bluetooth® 5.3, and optional GPS / 4G LTE / T24 radio modules.

Product	Functions and characteristics
	<ol style="list-style-type: none"> Equipped with USB 3.2 Gen 2 Type-C and USB 3.2 Gen 2 Type-A ports, the device supports PD3.0 fast charging and DP1.2 display output. The design is sturdy and durable, featuring a CNC aluminum alloy and engineering plastic casing, making it suitable for use in harsh environments. With an IP65 protection rating and compliance with MIL-STD-810H (1.2m drop test) and MIL-STD-461G, it provides exceptional shock resistance and dust protection. Support for various accessories, such as protective films, sunshades, lanyards, and multi-battery charging docks, enhances operational convenience.
<p>DS16P (Industrial rugged tablet computers)</p> 	<ol style="list-style-type: none"> Equipped with the Intel® Core™ Ultra 7 155U processor, which supports vPro® technology, this device delivers powerful performance and enhanced security. 10.1" WUXGA (1920 x 1200) LCD with 1000 nits high brightness and optical bonding, offering excellent readability under direct sunlight. Built-in 8GB DDR5-5600 memory, expandable up to 64GB, ensuring smooth multitasking performance. Equipped with a 256GB PCIe 4.0 SSD, with options for 512GB or 1TB, this device supports high-speed access and ensures data security. With multi-connection capabilities, including Wi-Fi 6E, Bluetooth® 5.3, and 2.5G Ethernet, along with optional GPS and 4G LTE. Featuring a variety of I/O interfaces, including Thunderbolt™ 4, USB 3.2 Type-A / Type-C, and an RJ45 network port, with an optional Fischer I/O available. The hot-swappable battery design, paired with a 10.8V / 4560mAh battery, allows for seamless battery replacement without interrupting operations. The device features an IP65 protection rating, has passed the MIL-STD-810H (1.8m drop test), and is designed to operate in harsh environments. Compliant with military standards MIL-810H and MIL-STD-461G (Ground Army / Ground Navy), this product is suitable for both military and industrial applications. With a diverse selection of accessories, including multi-battery charging docks, Docklite expansion bases, and Smart Card Readers, it enhances application flexibility.

◆ Estimated R&D expenses:

The estimated R&D expenses are initially estimated to be 3% of the annual net operating revenue, including testing expenses, layout and software expenses related to product industrial and military specifications.

- (IV) The impact of important policy and legal changes at home and abroad on the company's financial business and countermeasures:

Significant changes in domestic and foreign policies and laws in recent years have not had a significant impact on the current operation of the Company. The Company's management team has also been paying close attention to any domestic and foreign policies and laws that may affect the Company's financial business, with a view to formulating relevant risk management procedures in the most expeditious case, so as to improve the operation ability.

- (V) The impact of technological changes (including information and communication security risks) and industrial changes on the Company's financial business and countermeasures:

The Company has a Marketing Department dedicated to collecting the latest industrial trends and market information, and an Information Office dedicated to maintaining the information and communication security risks. In addition, the Company has a strong management team and experienced and high-quality professionals with deep experience in market development, customer mastery, marketing management and even the ability to respond to changes in industrial climate, so that the Company can sensitively grasp the market pulse, customer demand, technological development and industrial supply and demand, actively integrate and introduce advanced products and technologies as professional supplier and marketer, and provide timely and stable supply and application technical support services. In addition, as the company operates in rugged notebook computers with small quantity, diverse design and various customization, on the whole, technological changes (including information and communication security risks) and industrial changes have no significant impact on the company's financial business.

- (VI) The impact of corporate image change on corporate crisis management and countermeasures:

Corporate image is the intangible asset of the company, which depends on the accumulated efforts of enterprise leaders and their management team for many years. Since the establishment of the Company, the Company's corporate image has always taken integrity and stability as the goal, and the business philosophy of decent operation and safeguarding the maximum rights and interests of shareholders. In addition to vigorously developing high-quality products and purchasing high-quality raw materials, we also comply with various laws and regulations to maintain the Company's corporate image.

In addition, the Company has set up responsible departments to integrate the strength of the whole company, strive to enhance on the basis of the existing good corporate image, and make various response preparations to prevent and control potential crises.

- (VII) Expected benefits, possible risks and countermeasures of M&A: The Company has no M&A plan.
- (VIII) Expected benefits, possible risks and countermeasures for plant expansion: The Company does not have plans to expand the plant.
- (IX) Risks arising from concentration of purchase or sales and countermeasures:
- ◆ Purchase: The Company shall purchase raw materials from different suppliers as far as possible to ensure that the supply of raw materials is sufficient without the risk of shortage, and reduce the risk of concentrated purchase. At the same time, the Company also prevents supply crisis by monitoring inventory status. In order to reduce the potential risk of price rise, the company also continues to find other purchase methods to reduce the risk of concentrated procurement.
 - ◆ Sales: if the proportion of a few customers in the overall revenue is too high, the unexpected business reduction of major customers may affect the company's operating performance. Therefore, the company takes the customer partnership as the core strategy and works closely with customers to improve the overall value, hoping to minimize the possibility of such risks.
- (X) The impact, risks and countermeasures of a large number of equity transfers or changes by directors, supervisors or major shareholders holding more than 10% of the shares on the Company:
- ◆ The impact and risk of a large number of equity transfers or changes by Directors, supervisors or major shareholders holding more than 10% on the Company: There is no such case in the Company at present.
 - ◆ Response measures: In addition to having Independent Directors, the Company has continuously strengthened corporate governance to establish a more open and transparent business constitution, in order to minimize the impact of such risks on the Company.
- (XI) The impact, risks and countermeasures of the change of management right on the Company: The Company has not changed its management right since its establishment.
- (XII) Litigation or non-litigation events
- ◆ In the last two years and up to the date of printing of the annual report, the litigation, non-litigation or administrative litigation events that have been adjudicated or are still in progress, and the results may have a significant impact on shareholders' equity or securities prices: none.

- ◆ Directors, supervisors, general managers, major shareholders with a shareholding ratio of more than 10% and affiliated companies of the Company have been adjudicated or are still in litigation, non-litigation or administrative litigation events in the last two years and up to the date of publication of the annual report, and the results may have a significant impact on the rights and interests of shareholders or securities prices of the Company: None.
- ◆ Directors, supervisors, managers and major shareholders holding more than 10% of the Company's shares, and any of the events specified in Article 157 of the Securities and Exchange Act occurred in the most recent two years and up to the date of printing of the annual report: none.

(XIII) Other important risks and countermeasures:

1. Although the company does not have a clear risk management organization, according to the daily operation of the company, risk control and management is divided into three levels (mechanism): the organizer or the undertaker is the first mechanism, and is responsible for the consideration, design and prevention of the initial risk detection, evaluation and control of the operation. The second mechanism is that the general manager and deputy general manager preside over, decide or cross department meetings. In addition to being responsible for feasibility evaluation, it also includes the evaluation of various risks. The third mechanism is the review of the Audit Office and the deliberation of the directors.
2. At present, the Company has not appointed a Chief Risk Officer. Its purpose is to adopt comprehensive risk control, rather than one-person control, to implement risk control. For important risk assessment matters, if necessary, the HR Department (also in charge of legal affairs) will be held to carry out risk detection, evaluation and prevention suggestions. If there is an immediate possible risk, it can also be reported to the superior immediately for proper prevention. Extremely important matters shall be submitted to the Board of Directors for discussion.
3. The risk control is shown in the table below:

Important risk assessment items	First mechanism Direct risk control unit	Second mechanism Risk review and control	Third mechanism Board of directors and Audit Office
1. Interest rate, exchange rate and financial risk	Finance Department	General manager and deputy general manager	Board of Directors: decision making and final control of risk assessment and control Audit Office: risk inspection, evaluation, supervision, improvement tracking
2. High risk and highly leveraged investment, loan to others, derivatives trading, financial investment	Finance Department	General manager and deputy general manager	
3. R&D plan	R&D Division	New product plan review meeting	

Important risk assessment items	First mechanism Direct risk control unit	Second mechanism Risk review and control	Third mechanism Board of directors and Audit Office
4. Policy and legal changes	HR Department and Finance Department	General manager and deputy general manager	and reporting
5. Technology and industrial change	Business Division and R&D Division	General manager and deputy general manager	
6. Corporate image change	Business Division	General manager and deputy general manager	
7. Investment, reinvestment and M&A benefits	Finance Department	General manager and deputy general manager	
8. Expansion of plant or production	Purchasing Department and Finance Department	General manager and deputy general manager	
9. Concentrated purchase or sales	Purchasing Department and Business Division	Production and sales conference	
10. Equity transfer by Directors and major shareholders	Finance Department, Board of Directors	General manager and deputy general manager	
11. Change of management right	Finance Department, Board of Directors	General manager and deputy general manager	
12. Litigation and non-litigation matters	HR Department	General manager and deputy general manager	
13. Other operational matters	Head of each unit	General manager and deputy general manager	
14. Personnel conduct, morality and ethics	Head of each unit	General manager and deputy general manager	
15. Compliance with SOP and regulations	Head of each unit	HR Department and Audit Office	
16. Management of board meetings	Finance Department	Audit Office	

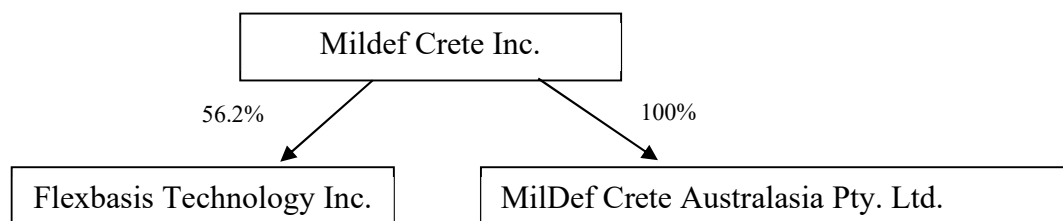
VII Other important matters: None.

Chapter 6 Special records

I Data of related enterprises

Overview of affiliated enterprises: As of December 31, 2024

(I) Organization chart of affiliated enterprises:



(II) Basic information of affiliated enterprises:

Enterprise name	Date of establishment	Address	Paid in capital	Main business items
Flexbasis Technology Inc.	January 9, 2017	No. 60, section 3, Fuxing Road, Xinzhuang District, New Taipei City	NT\$37 million	Other metal products manufacturing
MilDef Crete Australasia Pty. Ltd.	January 5, 2023	Level 5, 7 Eden Park Dr, Macquarie Park, NSW 2113, Australia	AUD 600,100	Rugged notebook computer sales

(III) Businesses of affiliated enterprises and their interrelationships: not applicable.

(IV) Directors, supervisors and general managers of affiliated enterprises:

Enterprise name	Title	Name	Number of shares held (shares)	Shareholding ratio (%)
Flexbasis Technology Inc.	Chairman	Yong-Xiang Chou	336,000	9.08
	Director	Mildef Crete Inc. Representative: Yi-Tong Shen	2,080,000	56.22
			0	0
	Director	Wei Liang	296,000	8.00
	Director	Jia-Hong Lu	100,000	2.70
	Supervisor	Quan-Xiong Li	233,000	6.30
MilDef Crete Australasia Pty. Ltd.	Chairman	Yong-Xiang Chou	0	0

(V) Operational overview of affiliated companies:

Thousand Dollars

Enterprise name	Total assets	Total liabilities	Total equity	Operating revenue	Current net profit
Flexbasis Technology Inc.	147,084	27,528	119,556	118,069	17,001
MilDef Crete Australasia Pty. Ltd.	AUD 4,036	AUD 3,363	AUD 673	AUD 1,790	AUD 151

(VI) Business report and consolidated financial statements of related enterprises: Please visit Market Observation Post System > Individual Company > Electronic Document Download > Affiliated Enterprises' Three-Statement Disclosure Section
https://mopsov.twse.com.tw/mops/web/t57sb01_q10

(VII) Relationship report

According to Article 369-12 of the Company Act, the Company is not a subsidiary of a public company, so it is not necessary to prepare a relationship report in accordance with the regulations.

II In the most recent year and up to the date of printing of the annual report, the handling of private placement of securities shall disclose the date and amount adopted by the shareholders' meeting or the Board of Directors, the basis and rationality of the price, the method of selection of specific persons, the necessary reasons for handling private placement, the object of private placement, qualification conditions, the number of subscriptions, the relationship with the company, the participation in the company's operation, the actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the impact of private placement on shareholders' equity, the use of funds, the progress of plan implementation and the manifestation of plan benefits of private placement of securities from the time of full receipt of share funds or prices to the completion of the fund application plan: None.

III Other necessary additional clarifications

(I) Provision policy for idle inventory and loss on valuation

Except for all inventories placed in scrap warehouse and idle stock warehouse, 100% stock loss is provided, the stock loss of other normal inventories is evaluated once a month according to the following table based on the aging amount and industrial characteristics.

Inventory items	Merchandise	Raw materials, semi-finished products and finished products	Work in process
Less than 6 months	-	-	-
6 months ~ 1 year	50%	-	-
More than 1 year	100%	-	
9 months ~ 1 year		5%	
1 ~ 1.5 years		15%	
1.5 ~ 2 years		20%	
2 years ~ 2.5 years		40%	
More than 2.5 years		100%	
No order			
0.5 year ~ 9 months			60%
9 months ~ 1 year			80%
More than 1 year			100%

Inventory items	Merchandise	Raw materials, semi-finished products and finished products	Work in process
Order received			Provision method for raw materials, semi-finished products, and finished goods.
EOL procurement		No provision within 3 years, and an increase of 20% per year for more than 3 years	

(II) The Company does not adopt hedge accounting.

(III) Uncompleted TPEx-listing commitments: None.

茂訊電腦股份有限公司

Chairman: Yi-Tong Shen