

Stock Code: 1558

ZENG HSING INDUSTRIAL CO., LTD.

2024 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System:

<https://mops.twse.com.tw>

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Accounting firm: Ernst & Young

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5. Overseas Securities Exchange: Not applicable

6. Corporate Website: <https://www.zenghsing.com.tw>

CONTENTS

I.	Letter to the Shareholders.....	3
II.	Corporate Governance Report.....	8
2.1	Directors, Supervisors and Management Team.....	8
2.2	Remuneration of Directors, General Manager, and Deputy General Manager	34
2.3	Implementation of Corporate Governance	43
2.4	CPA Professional Fee Range	134
2.5	Replacement of CPA	134
2.6	The Company's Chairman, President, and managers in charge of its finance or accounting operations held positions in the Company's independent auditing firm or its affiliates in the most recent year: None.....	136
2.7	Changes in Shareholding Percentages by Directors, Supervisors, Management and Shareholders with 10% Ownership or More.....	136
2.8	The Information Show Name and Relationship between the Companies Top Ten Shareholders, or Spouses or Relatives within Two Degrees.....	137
2.9	Ownership of Shares in Affiliated Enterprises	138
III.	Capital Overview.....	140
3.1	Capital and Shares	140
3.2	Bonds: None.	143
3.3	Preferred Shares: None.....	143
3.4	Global Depository Receipts: None.....	143
3.5	Employee Stock Options	143
3.6	Status of New Share Issuance in Connection with Mergers and Acquisitions.....	143
3.7	Financing Plans and Implementation:	143
IV.	Operational Highlights	143
4.1	Business content	143
4.2	Market and Sales Overview	152
4.3	Human Resources.....	160
4.4	Environmental Protection Expenditure	160
4.5	Labor Relations	160
4.6	Information security management.....	163

4.7	Material contracts	166
V.	Review of Financial Conditions, Financial Performance, and Risk Management.....	166
5.1	Analysis of Financial Status	166
5.2	Analysis of Financial Performance	167
5.3	Analysis of Cash Flow	169
5.4	Major Capital Expenditure Items	169
5.5	Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year	170
5.6	Special Disclosure	170
5.7	Other important item: None	179
VI.	Special Disclosure	180
6.1	Information on Related Parties:.....	180
6.2	Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the date of Publication of the Annual Report.....	180
6.3	Summary of Share Ownership and Disposal of Shares of the Company by Subsidiaries for the Most Recent Fiscal Year and during the Current Fiscal Year up to the date of Publication of the Annual Report.....	180
6.4	Additional Information Required to be Disclosed	180
VII.	Material Events Occurring in the Most Recent Year and up to the Date of the Annual Report Publication as Defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that Could Have a Significant Impact on Shareholders' Equity or Securities Prices:	180

I. Letter to the Shareholders

Dear Shareholders,

I would like to thank you all for supporting Zeng Hsing Industrial Co. Limited (hereinafter referred to as “the Company”). Over the past year, the domestic sewing machine shipments of ZENG HSING in 2024 reached 1.90 million units. The management team of ZENG HSING upheld the diligent and pragmatic spirit to steer through the tough market with all employees’ dedicated work to achieve the outstanding result of NT\$6.81 earnings per share in 2024.

In the future, the devoted team at ZENG HSING will continue to improve products and technologies, retain the long-term relationship with customers to introduce market-oriented models, and actively develop the emerging markets to promote the culture of sewing and lead the group to a new realm of production service.

The following is a report on the business results in the past year and future prospects of ZENG HSING.

1.1. 2024 Operating Results

(i) Operating plan performance (Consolidated)

In 2024, the gross profit of the consolidated business for the year amounted to NT\$8,337 billion, which increased 10.31% from NT\$7,558 billion in 2023. The consolidated net profit for the year was NT\$1,202 billion, which increased 70.98% from NT\$703 million in 2023.

(ii) Budget implementation (Consolidated)

The financial forecast was not disclosed publicly by the Company, as a result, there is no related statement available.

(iii) Profitability analysis (Consolidated)

Unit: NT\$ thousands; %		
	2024	2023
Interest Income	72,456	62,278
Interest Expenses	21,928	21,309
Return on Assets (%)	7.46	5.12
Return on Shareholders’ Equity (%)	10.41	7.25
Operating Income to Paid-in Capital Ratio (%)	139.96	77.91
Pre-tax Income to Paid-in Capital Ratio (%)	180.60	105.61
Net Margin	11.04	8.33
Earnings Per Share	6.81	3.81

(iv) Research and development status (Consolidated)

Since the Company's inception, we have continued to invest in our people and products every year to stay competitive in the market. In 2024, NT\$372,659 thousand was spent on research and development, accounting for 4.47% of net revenue. In 2023, NT\$327,139 thousand of research and development accounted for 4.33% of net revenue. Both the amount and the percentage increased year over year, with the proportions remaining relatively consistent between the two years.

1.2. Overview of 2025 Business Plan

1.2.1. Current Operating Policy

1.
 - Develop our corporate future vision
 - Establish strategies as guidelines
 - Integrate and reutilize group resources
 - Expand cooperation with existing customers
 - Promote strategic alliances
 - Broaden non-operating income sources
 - Diversify into other industries
 - Develop new businesses
 - Set annual targets for each subsidiary of the Group
 - Implement target management and conduct regular variance analysis and reviews
 - Ensure overall business performance
2.
 - Continue to develop new products
 - Strengthen existing production lines
 - Optimize product user interfaces
 - Provide online training videos and lessons
 - Cooperate with educational entities to improve the current product functions to offer a more diverse product portfolio
3.
 - Expand and deepen customer relationships
 - Provide the customer with multiple services
 - Improve customer relationship management
 - Understand customer needs and therefore increase and improve the selection of products the Company offers
 - Provide services that strengthen long-term customer value and relationships

4.
 - Enhance production equipment and implement high-level leveling activities and high-level activities
 - Optimize inspection procedures to improve overall production quality and efficiency
 - Integrate big data through IoT to improve decision-making and operational efficiency
5.
 - Cultivate and implement quality awareness, based on the promotion of quality business plans
 - Implement the “three-present” policy (on-site, on-hands, on-facts)
 - Identify root causes of problems and provide optimal solutions
 - Continuously improve production quality to achieve overall quality standards
6.
 - Identify key employees and develop their skillsets by planning and conducting a variety of functional trainings
 - Foster group-wide talent development
 - Promote cross-functional collaboration among professionals to achieve maximum synergy
7.
 - Continue to promote eco-friendly product management
 - Implement the ISO 14001 environmental management system
 - Follow the EU environmental procurement policies
8.
 - Continue to promote the Company’s greenhouse gas system ISO 14064-1 and energy management system ISO 50001.
9.
 - MES/ SPC (Manufacturing Execution System (MES), Statistical Process Control (SPC). The system was introduced to improve processes, increase production efficiency and monitor online process performance at any time.

1.2.2. Sales forecast and Basis of Forecast

The financial forecast was not disclosed publicly by the Company, as a result, there is no sales forecast available.

1.3. Future Strategies

1. Ensure revenue growth and maintain net operating margin: employ data-oriented decision-makings to carry out business/operations/talent innovation, integrate product blueprint development, consolidate existing customers, and actively develop regional customers in the sewing machine manufacturing industry to increase revenue and maintain net operating margin effectively.
2. Reduce operational risks: In response to the unknown risks caused by the external environment, the Company regularly inspects potential risks and enable the Company to prevent and manage them in advance in order to mitigate the potential impacts and losses brought by the organization's operation.
3. Investment in new products and new businesses: diversify business operations to extend reach and generate new growth momentum, enhance core competitiveness, and create sustainable profitability and long-term corporate sustainability.
4. Proactive regional business growth: grasp the blueprint of competitive products and changes in business models, adjust sales strategies on a rolling basis, provide pre-sales, in-sales, and after-sales services to customers, drive up regional sales volume, and generate higher revenue for the industry.
5. Consolidate existing customers: Strengthen services to improve product differentiation and competitiveness, create customer value, and increase customer reliance on the Company.
6. Develop new product series: Develop mid-to-high-end or differentiated models with strategic thinking to capture the market share of competitive products, introduce the modular design of components, and accumulate experience to enhance technical capabilities and high quality.
7. Improve quality assurance: Strengthen the design energy and implement the computerized vehicle verification project, improve the stability and quality of the machine, and enhance the competitiveness of the computerized vehicle.
8. Operation process innovation: Pursue operation intelligence, invest resources to improve the existing operation mode and establish necessary processes to achieve operational efficiency.
9. Organizational talent development: Establish a multinational human resources system for each business group, develop new business talent teams, cultivate management trainees with systematic thinking and management skills, and explore potential talent through special assignments.
10. Focus on green and energy-saving product design in R&D, aiming to provide competitive products that meet customer needs through continuous research and innovation.

1.4. The Impact of the External Competitive Environment, Regulatory Environment, and Macro environment

1. External competitive environment

There has been a reduction in prices in the sewing machine market. Zeng Hsing needs to reduce production costs and find ways to improve process technology to reduce the pressure of declining prices.

2. Regulatory environment

Regulation changes in domestic and foreign policies in recent years have not materially affected the Company's financial performance. Zeng Hsing observes domestic and foreign political and economic situations and acts accordingly and responsibly. Zeng Hsing communicates with its CPAs, lawyers and external experts when required to make sure the Company will follow all required regulations.

3. Macro environment

The U.S.-China trade war, geopolitical tensions, and energy price volatility will continue to create uncertainty in global financial markets. Looking ahead to 2025, the global economic outlook remains fraught with challenges. Tariff policies proposed by the new U.S. administration may have significant implications for the global economy. There remains considerable room for improvement, and we must take this opportunity to adjust our pace, developing products that appeal to customers and offer differentiated functionality, strengthening the R&D of new models and product lines, retaining existing customers, and expanding our customer base. By integrating Group resources, we aim to increase overall revenue and profitability. At the same time, we will seek opportunities for strategic external alliances, enhance technical capabilities and precision processing, and continue advancing automation. Moving forward, we will remain deeply committed to the sewing machinery sector.

We will also continue to address the issue of corporate social responsibility, uphold the welfare of the society, the environment and stakeholders, maintain the balance between the sustainable development of the environment and the Company to meet international standards, and truly become an enterprise at the international level.

On behalf of all employees of the Company, I sincerely thank all shareholders for your long-term support and recognition of the Company. We look forward to your continuous guidance and suggestions in the future.

Sincerely yours,

Chairman CHIH-CHENG LIN

General Manager TUNG-LIANG LIU

II. Corporate Governance Report

2.1 Directors, Supervisors and Management Team

2.1.1 Directors and Supervisors

Director and supervisor information (1)

15 April 2025 (Stock Transfer Suspension Date) Unit: shares

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	CHIH- CHENG LIN	Male 71-80 years old	06/21/2024	3	12/28/2007	1,033,080	1.55%	1,033,080	1.55%	250,114	0.38%	0	0%	Bachelor of Industrial Engineering, Feng Chia University EMBA of National Chung Hsing University General Manager of Zeng Hsing Industrial Co., Ltd.	Chairman Of Zeng Hsing Machinery & Electronics Co., Ltd Chairman Of Zhangjiagang Zeng Hsing Trading Co., Ltd. Director Of Zeng Hsing Industrial Co., Ltd. (Bvi) Director Of Jetsun Technology Co., Ltd. (Seychelles) Chairman Of Zeng Hsing Industrial Co., Ltd. (Vn) Chairman Of Shingo Technologies Limited (Vn) Ceo Of Jetsun Technology Company Limited Corporate Director Of Mitsumichi Industrial Co. Ltd. Chairman Of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Corporate Director Of Turvo International Co., Ltd. (Representative Of Zeng Hsing Industrial Co., Ltd). Chairman Of Taiwan Carbon Technology Co., Ltd. (Representative Of Zeng Hsing Industrial Co., Ltd).	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Director	Taiwan	RUEI-YI HONG	Male 51-60 years old	06/21/2024	3	12/28/2007	2,023,129	3.04%	1,984,129	2.98%	32,520	0.05%	0	0%	Master of Industrial Engineering & Management National Chin-Yi University of Technology Director of Zeng Hsing Industrial Co., Ltd.	Director of Jie Hong Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	SU- CHEN LIAO	Male 61-70 years old	06/21/2024	3	12/28/2007	845,774	1.27%	845,774	1.27%	464	0.00%	313,300	0.47%	Graduated from National Chin-Yi University of Technology Director of Zeng Hsing Industrial Co., Ltd.	Director of Long Huan Enterprise Ltd. Chairman of Shenghong Investment Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	PAO- SUNG CHANG (Note 8)	Male 61-70 years old	07/20/2021	3	06/18/2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	EMBA of Feng Chia University Other Career Development Center Manager of Zeng Hsing Industrial Co., Ltd. New Business Development Manager of Zeng Hsing Industrial Co., Ltd. Chief Project Manager of Zeng Hsing Industrial Co., Ltd.		Director	MENG- CHUNG HO	Nephew	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Director	Taiwan	MENG- CHUNG HO	Male 51-60 years old	06/21/2024	3	06/14/2019	1,029,262	1.55%	1,029,262	1.55%	119,500	0.18%	0	0%	Graduated from Chia-Yi Senior Commercial Vocation school General manager of Shanghai Antu International Trading Company Supervisor of Zeng Hsing Industrial Co., Ltd General Management Office Manager of Changqing Enterprise Co., Ltd. In China Factory manager of Li Sen Co., Ltd. Vice President of Purchase management department of Hongkong Xian Yun Co., Ltd.	Chairman & General manager of Magic Outdoor International Limited	Director	PAO-SUNG CHANG	Uncle	N/A
Director	Taiwan	CHUNG- TING TSAI	Male 51-60 years old	06/21/2024	3	07/20/2021	998,305	1.50%	904,305	1.36%	582,626	0.88%	0	0%	Master of Business Administration, California State University, San Bernardino. Manager of Marketing Planning Center of Zeng Industrial Co., Ltd.	Director of Can Xin Investment Co., Ltd. Senior Vice President of the Office of the General Manager and Concurrent Director of the Marketing and Sales Division Corporate director, Turvo International Co., Ltd. Representative of Zeng Industrial Co., Ltd.	N/A	N/A	N/A	N/A
Director	Taiwan	CHIN- TAN LEE	Male 51-60 Years old	06/21/2024	3	06/15/2022	666,608	1.00%	666,608	1.00%	0	0.00%	0	0%	Industrial Management Department, Asian Eastern University of Science and Technology	Supervisor of Hsieh Feng Aluminium Business Co., Ltd.	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	MING- LIANG TARNG (Note 8)	Male 51-60 years old	07/20/2021	3	06/18/2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Bachelor of Department of Accountancy, National Cheng Kung University Master of Department of Accountancy, National Cheng Kung University Manager of Ernst & Young LLP CFO of Dongguan Rongtai Plastic Material Co., Ltd. Partner of Sunpower Accounting	Accountant and partner of Sunshine Accounting Firm Member of Remuneration Committee and Audit Committee of Zeng Hsing Industrial Co., Ltd Independent director/ Member of Audit Committee/Member of Remuneration Committee of Lagis Enterprise Co., Ltd	N/A	N/A	N/A	N/A
Independent Director	Taiwan	JUN- MING HSU (Note 8)	Male 61-70 years old	07/20/2021	3	06/18/2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Syracuse U. (Ph. D.)- Finance (Associate Professor of Department of Business) Administration and Lecture Director of Tunghai University Dean of Department of Finance, Tunghai University	Professor, Department of Finance, Chung Hsing University Independent director of Calin Technology Co., Ltd./ Member of Remuneration Committee/ Member of Audit Committee Member Member of Remuneration Committee and Audit Committee of Zeng Hsing Industrial Co., Ltd Independent Director of Shine Trend International Multimedia Technology Co., LTD./Member of Remuneration Committee / Member of Audit Committee	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	YOUNG- YAW PAI	Male 71-80 years old	06/21/2024	3	06/20/2023	0	0.00%	0	0.00%	0	0.00%	0	0%	Stevens Institute of Technology, USA Master Of Engineering- Mechanical	Chairman of Precision Motion Industries, Inc. Member of Remuneration Committee And Audit Committee of Zeng Hsing Industrial Co., Ltd. Corporate Representative Director (Chairman) Of Chensu Plastics Co., Ltd. (Representative Director: Precision Motion Industries, Inc.) Corporate Representative Director Of Chanson Metal Profiling Co., Ltd. (Representative Director: Precision Motion Industries, Inc.) Corporate Representative Director Of Millennium Vee Hotel Taichung (Representative Director: Apex Dynamics, Inc.) Corporate Representative Director Of Yun Tan Technologies Co., Ltd. (Representative Director: Precision Motion Industries, Inc.) Corporate Representative Director Of Exfiro Co., Ltd. (Representative Director: Precision Motion Industries, Inc.) Corporate Representative Director Of Union Mechatronic Inc. (Representative Director: Precision Motion Industries, Inc.) Chairman Of Yuanzhou Co., Ltd.	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality/ Country of Origin	Name	Gender Age (Note 2)	Date Elected	Term (Years)	Date First Elected (Note 3 and 6)	Shareholding when Elected		Current Shareholding		Spouse & Underage Children Shareholding		Shareholding by Nominee Arrangement		Experience (Education) (Note 4)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship			Remarks (Note 5)
							Shares	% (Note 7)	Shares	% (Note 8)	Shares	%	Shares	%			Title	Name	Relation	
Independent Director	Taiwan	Hui-Yu Huang (Note 9)	Female 61-70 years old	06/21/2024	3	06/21/2024	0	0%	0	0%	0	0%	0	0%	CPA, Yangtze CPAs and Co.	Supervisor, Hungkuang University Member Of The Remuneration Committee And Convener Of The Audit Committee Of Zeng Hsing Industrial Co., Ltd.	N/A	N/A	N/A	
Independent Director	Taiwan	Yung- Sheng Hsu (Note 9)	Male 61-70 years old	06/21/2024	3	06/21/2024	0	0%	0	0%	0	0%	0	0%	Professor, Department of Finance, National Chung Hsing University	Independent Director, Member Of The Remuneration Committee, Member Of The Audit Committee, And Member Of The Risk Management Committee, Adimmune Corporation Corporate Director, IDEAL BIKE CORPORATION (Representative Of Kuo Ling Investment Co., Ltd.) Independent Director, Convener Of The Remuneration Committee, And Member Of The Audit Committee, Zeng Hsing Industrial Co., Ltd. Independent Director, Member Of The Remuneration Committee, And Member Of The Audit Committee, Chip Hope Co., Ltd.	N/A	N/A	N/A	

Note 1: The name of the corporate shareholder shall include both the names of the corporate shareholder and the representative of the entity.

Note 2: List the actual age and express it as a range, such as 41~50 years old or 51~60 years old.

Note 3: Fill in the time the person is first elected. If there is any interruption of the terms, please note.

Note 4: Experiences related to the current position. For positions held in an audit certification accounting firm or related businesses in the period concerned, the title and responsible duties shall be provided.

Note 5: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (For example, increase the number of independent directors, and there should be more than half of the directors who do not serve as employees or managers, etc.).

The Company does not have the situation where the chairman and the general manager are the same person; among the members of the board of directors, except that the CHUNG-TING TSAI, who is concurrently the director and deputy general manager of marketing department, the rest of the directors do not serve as employees concurrently, and none of the directors are spouses or first-degree relatives.

Note 6: The initial appointment date starts from the date of listing.

Note 7: The current shareholding percentage is calculated based on the total shares issued in the amount of 66,535,631.

Note 8: Director Pao-Sung Chang, Independent Director Ming-Liang Tarn, and Independent Director Jun-Ming Hsu stepped down on 21 June 2024.

Note 9: Independent Director Hui-Yu Huang and Independent Director Yung-Sheng Hsu were newly appointed on 21 June 2024.

Director information (2)

A. Disclosure of professional qualifications of directors and independence of independent directors.

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman CHIH-CHENG LIN	<ul style="list-style-type: none"> At least 5 years of experience in business, finance, professional leadership, operations management, strategic planning, risk management, international perspective, global market judgment leadership, and working experience are required for the Company's business. Experience: Chairman and CEO of the Company. Not been a person of any conditions defined in Article 30 of the Company Act. 	NA	0
Director CHIN-TAN LEE	<ul style="list-style-type: none"> More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience. Experience: Supervisor of Hsiehfeng Aluminum Industry Co., Ltd. and director of the Company. Not been a person of any conditions defined in Article 30 of the Company Act 		0
Director RUEI-YI HONG	<ul style="list-style-type: none"> More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience. Experience: Director of Jie Hong Ltd., and director of the Company. Not been a person of any conditions defined in Article 30 of the Company Act 		0

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director SU-CHEN LIAO	<ul style="list-style-type: none"> ● More than 5 years of experience in business, finance, and corporate business, and specialized in corporate operations with extensive industry experience. ● Experience: Director and general manager of Long Huan Enterprise Ltd., Chairman of Shenghong Investment Co., Ltd., and Director of the Company. ● Not been a person of any conditions defined in Article 30 of the Company Act 		0
Director PAO-SUNG CHANG (Resigned on 21 June 2024)	<ul style="list-style-type: none"> ● More than 5 years of experience in business, finance, corporate business, and specialized in corporate operation with extensive industrial knowledge. ● Experience: Supervisor/Director of the Company, Chairman of Taiwan Cheer Champ Co., Ltd. ● Not been a person of any conditions defined in Article 30 of the Company Act 		0
Director MENG- CHUNG HO	<ul style="list-style-type: none"> ● More than 5 years of experience in business, finance, corporate business, and specialized in corporate operation with extensive industrial knowledge. ● Experience: Supervisor/Director of the Company, Chairman & President of Magic Outdoor International Limited ● Not been a person of any conditions defined in Article 30 of the Company Act 		0
Director CHUNG- TING TSAI	<ul style="list-style-type: none"> ● At least 5 years of experience in business, operational judgment, risk management, leadership and decision making, crisis management, industry knowledge, international market perspective, and work experience required for the Company's business. ● Experience: Director and Vice-general manager of the Company's Marketing department, Director of Can Xin Investment Co., Ltd. ● Not been a person of any conditions defined in Article 30 of the Company Act 		0

<div>Criteria</div> <div>Name</div>	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director YOUNG-YAW PAI	<ul style="list-style-type: none"> At least 5 years of work experience in business, finance, accounting, corporate business, and specializing in process improvement of critical components in precision machinery, and enhancement of product accuracy and quality. Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfiro Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.)/ Chairman, Yuanzhou Co., Ltd./ Independent director and Member of Remuneration Committee and Audit Committee of the Company Not been a person of any conditions defined in Article 30 of the Company Act 	<p>1. Meeting Article 14-2 of Securities and Exchange Act “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” stipulated by the Financial Supervisory Commission. None of the following has occurred in the two years prior to the election or during the term of office:</p> <p>(1) An employee of the Company or any of its affiliates.</p> <p>(2) A director or supervisor of the Company’s affiliates.</p> <p>(3) Not a natural person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of over 1% of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in the first paragraph or the persons listed in the preceding two paragraphs.</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks</p>	0

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director MING-LIANG TARNG (Resigned on 21 June 2024)	<ul style="list-style-type: none"> ● At least 5 years of working experience in accounting and passed the national examinations required for accountants, business judgment, industry knowledge, leadership and decision-making ability. ● Experience: Accountant and partner of Sunshine Accounting Firm, Member of Remuneration Committee/Independent director/Member of Audit Committee of Lung Pien Vacuum Industry Co., Ltd., Member of Remuneration Committee/Independent director/Member of Audit Committee of ZENG HSING Industrial Co., Ltd, independent director/Member of Audit Committee/Member of Remuneration Committee of Lagis Enterprise Co., Ltd ● Not been a person of any conditions defined in Article 30 of the Company Act 	<p>among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraphs 1 or 2, Article 27 of the Company Act.</p> <p>(6) More than half of the directors' seats or voting shares of the Company and other companies are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>(7) A chairman, general manager or equivalent position of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>(8) A director, supervisor, manager or shareholder holding of a certain company or institution who has financial or business dealings with the Company or who holds 5% or more of the total number of outstanding shares of the Company.</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related</p>	1

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director JUN-MING HSU (Resigned on 21 June 2024)	<ul style="list-style-type: none"> At least 5 years of working experience as a professor of finance at a public university with professional qualifications, operational judgment, international market leadership and decision-making ability, specializing in financial and accounting planning professional matters, assisting companies in financial professional consulting and providing professional advice on the future development of the Company. Experience: Professor of Department of Finance, Chung Hsing University/Independent director of Calin Technology Co., Ltd./ Member of Remuneration Committee/ Member of Audit Committee Member/Member of Remuneration Committee and Audit Committee of Zeng Hsing Industrial Co., Ltd/ Independent Director of SHINE TREND International Multimedia Technology CO., LTD./Member of Remuneration Committee / Member of Audit Committee Not been a person of any conditions defined in Article 30 of the Company Act 	<p>services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Company Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <ol style="list-style-type: none"> Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act. Not been a person of any conditions defined in Article 30 of the Company Act. Serving concurrently as an independent director of no more than three public companies in Taiwan 	2

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Hui-Yu Huang (Newly appointed on 21 June 2024)	<ul style="list-style-type: none"> ● Possesses more than five years of professional experience in accounting and has passed the national CPA examinations and obtained certification. Also has experience in business judgment, industry knowledge, leadership, and decision-making. <p>Experience: CPA at Yangtze CPAs and Co., Supervisor at Hungkuang University, Member of the Remuneration Committee / Independent Director / Member of the Audit Committee of the Company.</p> <p>Not subject to any circumstances listed in Article 30 of the Company Act.</p>		0

Criteria Name	Professional Qualifications and Experience	Independence Status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Yung-Sheng Hsu (Newly appointed on 21 June 2024)	<p>Possesses over five years of academic qualifications as a professor in the Department of Accounting and Department of Information Management at public universities, with professional experience in business judgment, international market insight, leadership, and decision-making. Specializes in financial and accounting planning and provides the Company with professional financial advisory services and strategic recommendations for future development.</p> <p>Experience:</p> <p>Professor, Department of Finance, National Chung Hsing University</p> <p>Independent Director / Member, Remuneration Committee / Member, Audit Committee / Member, Risk Management Committee, Adimmune Corporation</p> <p>Corporate Director, Ideal Bike Corporation (Representative of Guoling Investment Co., Ltd.)</p> <p>Independent Director / Convener, Remuneration Committee / Member, Audit Committee, the Company</p> <p>Independent Director / Member, Remuneration Committee / Member, Audit Committee, Giant Power Technology Co., Ltd.</p> <p>Not subject to any circumstances listed in Article 30 of the Company Act.</p>		2

B. Diversity and independence of the board of directors:

(A) Diversity of members of the board of directors

(a) Diversification Policy

The nomination and selection of the board members of the Company are conducted in accordance with the Company's Articles of Incorporation, adopting a “candidates nomination system”. After all director candidates are approved by the board of directors, they will be submitted to the shareholders’ meeting for approval.

To strengthen corporate governance and promote the strong development of the board composition and structure, the board of directors of the Company has resolved to establish Chapter 3 “Enhancing the Functions of the Board of Directors” of the Corporate Governance Guidelines. In particular, Article 20 provides that the composition of the board shall be diversified. It shall develop appropriate diversification policies based on its operations, business models, and development needs. These policies should include, but not be limited to basic criteria and values (gender, age, nationality, culture, and ethnicity), and professional knowledge and skills (law, accounting, industry, finance, marketing, or technology). In addition to evaluating the academic qualifications of each candidate, the board of directors also considers diverse backgrounds, proficiency and experiences, and emphasize the individual moral behavior and leadership to ensure diversity of board members.

The knowledge, skills, and competencies that the board members should possess to fulfill their duties are as follows: 1. Operational evaluation ability 2. Accounting and financial analysis proficiency 3. Management administration 4. Crisis management ability 5. Industry knowhow 6. International market perspective 7. Leadership ability 8. Decision-making ability, to achieve the ideal targets of corporate governance.

(b) Implementation of board members’ diversification policy:

The 18th board of directors of the Company (term: 20 July 2021 to 19 July 2024) consists of 10 directors, including 7 non-independent directors and 3 independent directors.

- 10 male directors
- 10 with Republic of China nationality

- 2 independent directors have served the position for over 8 years, while 1 independent director has served for less than 1 year. They have met the statutory requirements of independent directors, and they are familiar with the Company's finance and operations.
- 10 directors: they are not related by a spouse or second-degree kinship between them.
- 10 directors possess operational evaluation ability; 4 directors possess financial and legal expertise; 8 directors have management administration ability; 3 with crisis management ability; 8 with industry knowledge; 4 with international market perspective; and 10 with leadership and decision-making ability
- 5 directors aged above 60; and 5 directors aged below 60
- The ratio of directors who are concurrently employees: 10% (1 director)
- The ratio of independent directors is 30% (3 directors)
- Implementation situation of members of the 18th board of directors' diversification policy is as follow:

Title	Name	Gender	Concurrently employee of the Company	Age				Tenure of independent directors		Education	Diversified Core Competencies						
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	Under 3 years	3 to 9 years		Operational evaluation	Financial and legal expertise	Management administratio n	Crisis manageme nt ability	Industry knowledge	Internation al market perspective	Leadership and decision- making ability
Chairman	CHIH-CHENG LIN	Male					•			EMBA of National Chung Hsing University	•	•	•	•	•	•	•
Director	SU-CHEN LIAO	Male				•				Graduated from National Chin-Yi University of Technology	•		•		•		•
Director	RUEI-YI HONG	Male			•					Master of Industrial Engineering & Management National Chin-Yi University of Technology	•		•		•		•
Director	MENG-CHUNG HO	Male			•					Graduated from Chia-Yi Senior Commercial Vocation school	•		•		•		•
Director	PAO-SUNG CHANG	Male				•				EMBA of Feng Chia University	•		•		•		•
Director	CHUNG-TING TSAI	Male	•		•					Master of Department of Business Management, California State University, San Bernardino	•		•	•	•	•	•
Director	CHIN-TAN LEE	Male			•					Industrial Management Department, Asian Eastern University of Science and Technology	•		•		•		•

Title	Name	Gender	Concurrently employee of the Company	Age				Tenure of independent directors		Education	Diversified Core Competencies						
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	Under 3 years	3 to 9 years		Operational evaluation	Financial and legal expertise	Management administratio n	Crisis manageme nt ability	Industry knowledge	Internation al market perspective	Leadership and decision- making ability
Independent Director	YOUNG-YAW PAI	Male					•	•		Stevens Institute of Technology, USA Master Of Engineering-Mechanical	•	•	•	•	•	•	•
Independent Director	MING-LIANG TARNG	Male			•				•	Master of Department of Accountancy National Cheng Kung University	•	•					•
Independent Director	JUN-MING HSU	Male				•			•	Syracuse U. (Ph.D)-Finance	•	•				•	•

The 19th board of directors of the Company (term: 21 June 2024 to 20 June 2027) consists of 9 directors, including 6 non-independent directors and 3 independent directors.

- 8 male directors and 1 female director
- 9 with Republic of China nationality
- 1 independent director has served the position for over 1 years, while 2 independent directors have served for less than 1 year. They have met the statutory requirements of independent directors, and they are familiar with the Company's finance and operations.
- 9 directors: they are not related by a spouse or second-degree kinship between them.
- 9 directors possess operational evaluation ability; 4 directors possess financial and legal expertise; 7 directors have management administration ability; 3 with crisis management ability; 7 with industry knowledge; 4 with international market perspective; and 9 with leadership and decision-making ability
- 6 directors aged above 60; and 3 directors aged below 60
- The ratio of directors who are concurrently employees: 11% (1 director)
- The ratio of independent directors is 33% (3 directors)
- Implementation situation of members of the 19th board of directors' diversification policy is as follow:

Title	Name	Gender	Concurrently employee of the Company	Age				Tenure of independent directors		Education	Diversified Core Competencies						
				41-50 years old	51-60 years old	61-70 years old	71-80 years old	Under 3 years	3 to 9 years		Operational evaluation	Financial and legal expertise	Management administratio n	Crisis manageme nt ability	Industry knowledge	Internation al market perspective	Leadership and decision- making ability
Chairman	CHIH-CHENG LIN	Male					●			EMBA of National Chung Hsing University	●	●	●	●	●	●	●
Director	SU-CHEN LIAO	Male				●				Graduated from National Chin-Yi University of Technology	●		●		●		●
Director	RUEI-YI HONG	Male			●					Master of Industrial Engineering & Management National Chin-Yi University of Technology	●		●		●		●
Director	MENG-CHUNG HO	Male			●					Graduated from Chia-Yi Senior Commercial Vocation school	●		●		●	●	●
Director	CHUNG-TING TSAI	Male	●		●					Master of Department of Business Management, California State University, San Bernardino	●		●	●	●	●	●
Director	CHIN-TAN LEE	Male			●					Industrial Management Department, Asian Eastern University of Science and Technology	●		●		●		●
Independent Director	YOUNG-YAW PAI	Male					●	●		Stevens Institute of Technology, USA Master Of Engineering-Mechanical	●	●	●	●	●	●	●
Independent Director	HUI-YU HUANG	Female			●			●		Master of Department of Accountancy National Cheng Kung University	●	●					●
Independent Director	YUNG-SHENG HSU	Male			●			●		Syracuse U. (Ph. D)-Finance	●	●					●

Note: Newly appointed independent directors as of 21 June 2024: HUI-YU HUANG and YUNG-SHENG HSU

Note: Independent directors MING-LIANG TARNG and CHUN-MING HSU resigned on 21 June 2024; Director PO-SUNG CHANG also resigned on the same date.

- (c) The specific management objectives of the Board of Directors' diversity policy and the achievement status:

Management Objectives	Achievement status
Directors who also serve as company managers shall not exceed one-third of the number of directors	Achieved
Independent directors shall be appointed for not more than three consecutive terms	Achieved
At least 1/3 of independent directors have expertise in finance, accounting, or the industry	Achieved
The board of directors shall include at least one director of a different gender.	Achieved
The number of independent directors shall account for at least one-third of the total board seats.	Achieved

- (d) For TWSE/TPEX-listed companies whose board seats held by either gender do not reach one-third, please explain the reasons and the measures taken to improve gender diversity on the board:

Specific Reason: In 2024, the entire board was re-elected. Among the 19th-term board members, there are 8 male directors and only 1 female director. Although this composition met the regulatory requirements at the time, the number of seats held by one gender did not reach one-third. This is primarily due to the industry's characteristics and the difficulty in sourcing suitable candidates within a short period.

Planned Measures to Improve Gender Diversity on the Board: Prior to the next board re-election, the Company will seek talent recommendations through various channels such as industry networks and academic institutions to enhance board diversity and improve corporate governance effectiveness.

(B) Independence of the board of directors

- (a) Structure of the board of directors:

The Company has established a director selection system, and the appointment procedures for all directors are conducted openly and fairly in compliance with the “Articles of Incorporation”, “Director Election Procedures”, “Corporate Governance Guidelines”,

“Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” and “Article 14-2 of the Securities and Exchange Act”. The current composition of the 18th board of directors consists of 3 independent directors (30%) and 7 non-independent directors (70%). Among them, 1 director concurrently holds employee/managerial status (10%, not exceeding one-third of all director seats). None of the directors is related by a spouse or second-degree kinship

The current composition of the 19th board of directors consists of 3 independent directors (33%) and 6 non-independent directors (66%). Among them, 1 director concurrently holds employee/managerial status (11%, not exceeding one-third of all director seats). None of the directors is related by a spouse or second-degree kinship, which complies with Paragraph 3, Article 26-3 of the Securities and Exchange Act.

(b) Independence of the board of directors

The Company’s board of directors directs the Company's strategy, supervises management, and reports to the Company and shareholders. In various operations and arrangements of the corporate governance system, the board of directors exercises its authority in accordance with laws, articles of incorporation, or resolutions of the shareholders' meeting. The Company’s board of directors emphasizes the functions of independent operation and transparency. Both directors and independent directors are independent individuals who exercise their powers independently. The 3 independent directors also comply with relevant laws and regulations, cooperate with the Audit Committee to review the control of existing or potential risks of the Company, and effectively supervise the implementation of internal controls, the selection (dismissal) of certified public accountants, and the adequacy of the independence and the preparation of financial statements. In addition, according to the “Director Election Regulations” of the Company, the method of selecting directors and independent directors adopts a cumulative voting system and a candidate nomination system to encourage shareholder participation. Shareholders holding a certain number of shares or more may propose a list of candidates. The qualification review of the candidates and the confirmation of whether they have violated any matters provided in Article 30 of the Company Act are carried out in accordance with the law, and relevant acceptance operations are conducted and announced to protect shareholder rights to avoid monopolization or excessive nomination rights and maintain independence.

The Company has established a performance evaluation system of the board of directors, which is conducted by an external professional independent organization every three years. Additionally, internal self-assessment and board member evaluations are conducted annually. The performance evaluation of the board of directors includes five aspects: (1) The degree of participation in the Company's operations. (2) The quality of decision making by the board of directors. (3) The composition and structure of the board of directors. (4) The election of the directors and their continuing professional education. and (5) Internal controls. Board member self-assessment includes six aspects: (1) Their grasp of the Company's goals and missions. (2) Their recognition of director's duties. (3) Their degree of participation in the Company's operations. (4) Their management of internal relationships and communication. (5) Their professionalism and continuing professional education. and (6) Internal controls. The results of these self-assessments are disclosed in the Company's annual report, official website, and announced on the Market Observation Post System after they are reported to the board of directors.

To ensure that the investing public fully understand the remaining operations of the board of directors of the Company, the relevant information has also been disclosed in the Company's annual report, official website, or announcements on the Market Observation Post System, including: (1) Attendance of members of board of directors at meetings. (2) Board meeting agendas and resolutions. (3) Continuing professional education of directors. and (4) Changes in shareholding of board members (including shareholding ratio, share transfers, and establishment of pledges) (please refer to the Market Observation Post System).

C. Succession planning for board members and key management personnel

(a) Succession planning for members of board of directors

The selection of directors in the Company should consider the overall composition of the board of directors. The composition of the board members should be diversified. It should develop appropriate diversification policies based on its operations, business models, and development needs. These policies should include, but not be limited to: (1) Basic criteria and values: gender, age, nationality, and culture. (2) Professional knowledge and skills: professional backgrounds (such as law, accounting, industry, finance, marketing, or technology) professional skills, and industry experience, etc.

The knowledge, skills, and competencies that the members of the Company's board of directors should possess to fulfill their duties are as follows: (1) Operational evaluation (2) Accounting and financial analysis proficiency (3) Management administration (4) Crisis management ability (5) Industry knowhow (6) International market perspective (7) Leadership ability (8) Decision-making ability

The Company conducts director succession plan through the following methods: (1) Recommendation of suitable candidates by current directors. (2) Recommendation of director candidates by shareholders. (3) Using the results of the board of directors' performance evaluations as a basis for nominating directors for reappointment.

To enhance the performance effectiveness of directors in their functions, the Company will move with the times and arrange annual training programs in response to changes in internal and external environmental conditions and development needs to improve the professional competence of directors.

(b) Succession planning for key management personnel

To meet the business operation and human resource development needs, and enhance overall operational efficiency, the Company regularly reviews human resource management strategy objectives, organizational development and manpower utilization, and significant human resource management systems, etc.

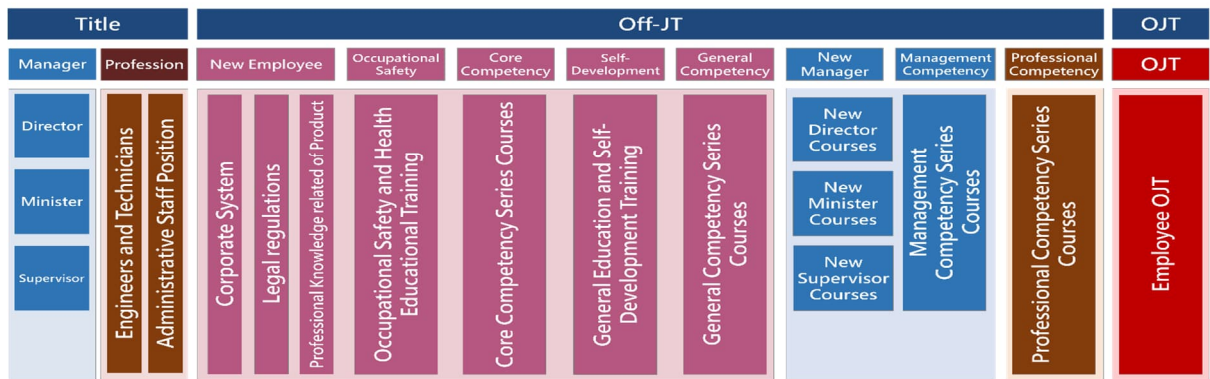
An annual review of succession plans is conducted, wherein the selection of successors not only considers their outstanding professional and managerial abilities but also ensures alignment of their values with the Company's business concept, including integrity and pragmatism, innovation, collective effort, and pursuit of well-being, etc.

The Company's key management, including assistant general managers and above, undergo practical training in company operations. In addition to daily duties, they receive training through various educational programs arranged by the Company, including core competencies, managerial skills, and professional abilities. These training initiatives were led by the group's general manager to enhance management and professional capabilities and effectively develop leadership thinking and international perspective abilities. This preparation is geared towards cultivating high-quality manpower essential for the Company's long-term development.

(c) Education training participation of director-level managers for 2024 are as follows:

Course Name	Execution Date	Duration (Hours)	Number of Trainees
Prevention of Insider Trading	2024/4/22	2.68	11
Protection of Trade Secrets and Information Security	2024/7/23	1.5	11
Strategies for Effective Risk Management	2024/7/1	1	10
TMT Leadership Strategy Workshop (Group Discussion and Presentation)	2024/9/14	7	5

Talent Development Framework Chart



2.1.2 Management Team

15 April 2025 (Stock Transfer Suspension Date) Unit: shares

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager and Concurrent Head of the Engineering and Technology Division	Taiwan	TUNG- LIANG, LIU (Note 5)	Male	02/18/2019	62,448	0.09%	0	0.00%	0	0.00%	Master of Business Administration, Lunghwa University of Science and Technology Director of Panasonic Taiwan Co., Ltd.	General Manager of Zeng Hsing Industrial Co., Ltd. Director of Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd. Director of Zhangjiagang Zeng Hsing Trading Co., Ltd. Director of Shinco Technologies Limited (VN) Director of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Corporate director of Turvo International Co., Ltd. Corporate director of Turvo International Co., Ltd. Representative of Zeng Hsing Industrial Co., Ltd.	N/A	N/A	N/A	

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Senior Deputy General Manager, Office of the General Manager, concurrently serving as Division Head of the Marketing and Sales Division	Taiwan	CHUNG-TING TSAI (Note 6)	Male	06/01/2016	904,305	1.36%	582,636	0.88%	0	0.00%	Master of Department of Business Management, California State University, San Bernardino Manager of Marketing Planning Center of Zeng Hsing Industrial Co., Ltd.	Director of Can Xin Investment Co., Ltd. Corporate director, Turvo International Co., Ltd. Representative of Zeng Hsing Industrial Co., Ltd. Corporate director of Turvo International Co., Ltd. Corporate director of Turvo International Co., Ltd. Representative of Zeng Hsing Industrial Co., Ltd	N/A	N/A	N/A	
Strategic Development department Vice-general manager	Taiwan	JUN-SHEN ZHOU	Male	11/01/2016	40,658	0.06%	0	0.00%	0	0.00%	Graduated from National Chung Hsing University, Department of Accounting Master of Executive Master of Business Administration (Enterprise Management Group), National Chung Hsing University Assistant general manager of Financial Department and Spokesperson of Bai Sha Printing, Taiwan	Director of Mitsumichi Industrial Co., Ltd. Supervisor of Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd. Director of Taiwan Carbon Technology Co., Ltd. Director of Taiwan Cheer Champ Co., Ltd.	N/A	N/A	N/A	

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Strategic Development department Assistant general manager	Taiwan	QIONG-MEI CHEN	Female	05/01/2016	273	0.00%	0	0.00%	0	0.00%	Master of Institute of Human Resource Management, National Sun Yat-sen University	General manager of Shinco Technologies Ltd. (VN)	N/A	N/A	N/A	
Deputy Manager, Audit Office	Taiwan	JIA-JUN XIE	Female	03/10/2023	2,000	0.00%	0	0.00%	0	0.00%	Master of University of Southampton International Financial Markets (MSc)	N/A	N/A	N/A	N/A	
Finance & Accounting department Assistant general manager	Taiwan	TZU-HO CHUANG	Male	07/01/2020	54,021	0.08%	0	0.00%	0	0.00%	Institute of Department of Accounting & Finance, Feng Chia University Senior manager of Ernst and Young	N/A	N/A	N/A	N/A	
Engineering and Technology, R&D Technology Department Assistant general manager	Taiwan	MING-TA LI	Male	03/01/2021	45,000	0.07%	7,553	0.01%	0	0.00%	Graduated from EMBA of Technology industrial Engineering & Management, National Chin-Yi University of Technology	N/A	N/A	N/A	N/A	

Title (Note 1)	Nationality/ Country of Origin	Name	Sex	Effective Date	Shareholding percentage		Spouse & Minor Shareholding percentage		Shareholding by Nominee Arrangement		Experience/ Education (Note 2)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship			Remarks (Note 3)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Manager of Quality Assurance Office	Taiwan	JIN-SIOU SYUE (Note 5)	Female	0301/2024	2,197	0.00%	0	0.00%	0	0.00%	Department of Foreign Languages and Literature, Providence University	N/A	N/A	N/A	N/A	

Note 1: It shall include the information of the general managers, Deputy General Managers, assistant managers, and heads of all departments and branches; regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a general manager, Deputy General Manager or assistant manager.

Note 2: For the experience relevant to the current position, such as employment at an audit certification accounting firm or an associated enterprise during the said period, the title and responsibilities shall be specified.

Note 3: Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (For example, increase the number of independent directors, and there should be more than half of the directors who do not serve as employees or managers, etc.). The director of the Company is also the CEO of the Company, because of the executive has a great influence on the Company's operations and cultivate an executive need to step by step. In order to strengthen the standing of board of directors, inside the Company has been training the fit person actively after considered the efficiency of the Company's operations and decision execution. Furthermore, the Director is closely and fully communicated about the Company's state of operation and planning policy with each director to implement corporate governance. The Company will plan to use the way of increase the number of independent directors in the future, to enhance the function of the board of directors and strengthen the function of supervision. At present, the Company has the following specific measures. Among the members of the board of directors, except the CHUNG-TING TSAI, who is concurrently the Senior Deputy General Manager, Office of the General Manager, concurrently serving as Division Head of the Marketing and Sales Division, the other directors are not employees concurrently. There is no relationship of spouse or within one degrees of kinship among all directors.

Note 4: On 10 March 2023, changing the supervisor of Audit Department: MEI-TA LIANG has been relieved of his position as deputy manager. JIA-JUN XIE has been newly appointed as section chief.

Note 5: TUNG-LIANG LIU, General Manager, was reassigned on 1 April 2025, as General Manager and concurrently serves as Department Head of the Engineering Technology Division.

Note 6: CHUNG-TING TSAI, Vice President, was reassigned on 1 April 2025, as Senior Deputy General Manager, Office of the General Manager, and concurrently serves as Department Head of the Marketing and Sales Division.

2.2 Remuneration of Directors, General Manager, and Deputy General Manager

2.2.1 Remuneration of general and independent directors

Unit: thousands of dollars; thousand shares

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Remunerations Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3) (Proposed figure)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6) (Proposed number)						
		The company	All companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company		Companies in the consolidated financial statements (Note 7)		The company	Companies in the consolidated financial statements (Note 7)	
																Cash	Stock	Cash	Stock			
Independent Director	MING-LIANG TARNG (Note 14)	360	360	0	0	0	0	10	10	370	370	0	0	0	0	0	0	0	0	370	370	N/A
										0.08%	0.08%									0.08%	0.08%	
Independent Director	JUN-MING HSU (Note 14)	360	360	0	0	0	0	10	10	370	370	0	0	0	0	0	0	0	0	370	370	N/A
										0.08%	0.08%									0.08%	0.08%	
Independent Director	YOUNG-YAW PAI	720	720	0	0	0	0	15	15	735	735	0	0	0	0	0	0	0	0	735	735	N/A
										0.16%	0.16%									0.16%	0.16%	
Independent Director	HUI-YU HUANG (Note 14)	360	360	0	0	0	0	15	15	375	375	0	0	0	0	0	0	0	0	375	375	N/A
										0.08%	0.08%									0.08%	0.08%	
Independent Director	YUNG-SHENG HSU (Note 14)	360	360	0	0	0	0	20	20	380	380	0	0	0	0	0	0	0	0	380	380	N/A
										0.08%	0.08%									0.08%	0.08%	
Chairman	CHIH-CHENG LIN (Note 13)	2,662	2,918	0	0	4,950	5,550	25	45	7,637	8,513	0	0	0	0	0	0	0	0	7,637	8,513	N/A
										1.69%	1.88%									1.69%	1.88%	
Director	RUEI-YI HONG	0	0	0	0	600	600	30	30	630	630	0	0	0	0	0	0	0	0	630	630	N/A
										0.14%	0.14%									0.14%	0.14%	
Director	SU-CHEN LIAO	0	0	0	0	600	600	30	30	630	630	0	0	0	0	0	0	0	0	630	630	N/A
										0.14%	0.14%									0.14%	0.14%	
Director	CHIN-TAN LEE	0	0	0	0	600	600	30	30	630	630	0	0	0	0	0	0	0	0	630	630	N/A
										0.14%	0.14%									0.14%	0.14%	

Title	Name	Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Remunerations Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%) (Note 10)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3) (Proposed figure)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6) (Proposed number)						
		The company	All companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company		Companies in the consolidated financial statements (Note 7)		The company	Companies in the consolidated financial statements (Note 7)	
																Cash	Stock	Cash	Stock			
Director	CHUNG-TING TSAI (Note 13)	0	0	0	0	600	900	30	55	630	955	3,224	3,224	108	108	326	0	326	0	4,288	4,613	N/A
										0.14%	0.21%									0.95%	1.02%	
Director	PAO-SUNG CHANG	0	0	0	0	300	300	10	10	310	310	0	0	0	0	0	0	0	0	310	310	N/A
										0.07%	0.07%									0.07%	0.07%	
Director	MENG-CHUNG HO	0	0	0	0	600	600	30	30	630	630	0	0	0	0	0	0	0	0	630	630	N/A
										0.14%	0.14%									0.14%	0.14%	

1. Independent directors' remuneration payment policies, systems, standards and structure, and state the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.:

The evaluations of directors' remuneration are made according to the Company's "Directors and Managers' Remuneration Management Measures" and "Directors and Managers' Performance Evaluation Measures", in addition to referring to the Company's overall operating performance, future operating risk of the industry and development trends. The individual performance achievement rate and contribution to the Company's performance are also considered for reasonable compensation. The director's remuneration and the ratio of after-tax net profit both complied with the Articles of Incorporation.

The related performance evaluation and compensation reasonableness are reviewed by the Remuneration Committee and the Board of Directors. The remuneration system is reviewed from time to time depending on the actual operation and relevant laws in order to keep the balance between the Company's sustainable operation and risk control.

2. Apart from the aforementioned disclosure, the remunerations for directors of the Company providing services (such as serving as a consultant, not concurrently an employee, in the parent company/ all companies included in the financial statements /reinvestment business) to consolidated subsidiaries: None

Note 1: The names of directors should be listed separately, and the amount of each payment is disclosed in a summary.

Note 2: Refers to remuneration of directors in the most recent year (including directors' salary, duty allowance, severance pay, various bonuses, incentives, etc.)

Note 3: Refers to the amount of director's remuneration distributed by the board of directors in the most recent year.

Note 4: Refers to director's related expenses from professional practice in the most recent year.

Note 5: Refers to the collection includes salary, a duty allowance, severance pay, various bonuses, transportation allowance, special expenses, various allowances, dormitory, car, etc. for the person that are directors and are employee.

Note 6: Refers to employee compensation for persons who are concurrently directors and employees. The amount of compensation received as resolved by the board of directors in the most recent year should be disclosed. If it is not possible to estimate, the estimated amount of this year will be calculated based on the proportion of the actual distribution amount last year.

Note 7: The total amount of remuneration paid by the Company to all directors of the Company stated in the consolidated report should be disclosed.

Note 8: The total remuneration the Company pays to each director should be disclosed along with the names of the directors in the designated bracket.

Note 9: The total remuneration of each director of the Company paid by all companies in the consolidated report should be disclosed and disclose the name of the directors in the designated bracket.

Note 10: Net profit after tax refers to net profit after tax in the most recent parent company only financial statement.

Note 11: a. This column should clearly fill in the amount of remuneration received by the Company's directors from a reinvestment business outside the subsidiary or the parent company (if not, please fill in "NA").

b. If a director of a company receives remuneration from an invested entity other than a subsidiary, such remuneration received from the invested entity other than a subsidiary shall be consolidated into column I of the remuneration range table and change the name of the column to "all investment business".

c. Remuneration refers to the remuneration, wage, employee profit sharing, and allowances paid by non-consolidated affiliates to directors who are also their directors, supervisors, or managers.

Note 12: The information in the above table is the remuneration of directors in 2024. The amount of directors' remuneration approved by the board of directors on 7 March 2025 is expected to be distributed in June 2025. The remuneration of employees who served as directors in 2024 is the amount proposed for distribution.

Note 13: The director, CHIH-CHENG LIN, has been elected as the legal representative director of Turvo International Co., Ltd. on 31 August 2022. The director, CHUNG-TING TSAI, has been elected as the legal representative director of Turvo International Co., Ltd. on 31 March 2023. The above information includes director remuneration and professional allowance paid by Turvo International Co., Ltd. to CHIH-CHENG LIN and CHUNG-TING TSAI.

Note 14: On 21 June 2024, Independent Directors MING-LIANG TARNG and CHUN-MING HSU, and Director PO-SUNG CHANG stepped down. On the same date, HUI-YU HUANG and YUNG-SHENG HSU were appointed as new Independent Directors.

*The remuneration disclosed in this form is different from that required by the Income Tax Act. Therefore, the purpose of this form is for information disclosure and is not intended for taxation purposes.

2.2.2 Remuneration of the General Manager and Deputy General Manager

Unit: thousands of dollars; thousand shares

Unit: thousands of dollars, thousand shares

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Profit Sharing- Employee Bonus (D) (Note 4)				Ratio of total compensation (A+B+C+D) to net income % (Note 8)		Compensation paid to the President and Vice President from an Invested Company Other Than the Company's Subsidiary (Note 9)
		The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company	Companies in the consolidated financial statements (Note 5)	The company		Companies in the consolidated financial statements (Note 5)		The company	Companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
General manager	TUNG-LIANG LIU (Note 12)	2,736	2,736	108	108	1,747	2,072	600	0	600	0	5,191	5,516	0
												1.15%	1.21%	
Senior Deputy General Manager	CHUNG-TING TSAI (Note 12)	2,128	2,128	108	108	1,618	1,943	326	0	326	0	4,180	4,505	0
												0.92%	0.99%	
Deputy General Manager	JUN-SHEN ZHOU	1,642	1,642	100	100	532	532	262	0	262	0	2,536	2,536	0
												0.56%	0.56%	
Total		6,506	6,506	316	316	3,897	4,547	1,188	0	1,188	0	11,907	12,557	0
												2.63%	2.77%	

* Regardless of their title, the information has to be disclosed as long as their ranking is equivalent to that of a general manager or Deputy General Manager (e.g. president, chief executive officer, general director, etc.).

Note.1: Names of general managers and Deputy General Managers shall be listed separately, and individual payments made shall be disclosed through a summary. If the director is also a general manager or Deputy General Manager, this table and the above table (1-1 or 1-2-1 and 1-2-2) shall be completed.

Note.2: Salaries, additional pay, and service pay for general managers and Deputy General Managers in the latest year.

Note.3: Various prizes, awards, transportation, special expenditure, various allowances, dormitory, cars, and other actual items provided and other compensations for general managers and Deputy General Managers in the latest year. For housing, automobiles and other transportation tools or expenses that are specific to individuals, the nature and cost of the assets provided, the actual or market-value-based rental, the cost of gasoline and other payments shall be disclosed. If a driver is assigned, please indicate the pay available for the driver but it may not be included in the calculation of remunerations. In addition, salaries recognized in accordance with IFRS 2: stock-based payment transaction, including employee stock option certificates, restricted employee shares, and participation in subscribing shares in cash capital increase, shall also be included as part of the remunerations.

Note.4: Employee remunerations (including stock and cash) distributed to general managers and Deputy General Managers as approved by the Board of Directors in the latest year. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. In addition, the attached Table 1-3 shall be completed.

Note.5: The total value of remunerations paid to general managers and Deputy General Managers of the Company by all companies in the consolidated report (including the Company) shall be disclosed.

Note.6: For the total value of various remunerations paid to each general manager and Deputy General Manager by the Company, disclose the name of the general manager and the Deputy General Manager in the respective bracket.

Note.7: For the total value of various remunerations paid to each general manager and Deputy General Manager of the Company by all companies (including the Company) in the consolidated report, disclose the name of the general manager and Deputy General Manager in the respective bracket.

Note.8: Net profit after tax refers to net profit after tax in the most recent individual or individual financial report.

Note.9: a. The value of related remunerations claimed by general managers and Deputy General Managers of the Company from reinvested businesses other than subsidiaries shall be specified in this column.

b. In the event that general managers and Deputy General Managers of the Company claim related remunerations from reinvested businesses other than subsidiaries, the said remunerations shall be combined in Column E of the remuneration bracket table and the name of the column shall be changed to "all re-invested businesses."

c. Remunerations are the compensation, rewards (including rewards for employees, directors, and supervisors) and operational expenses, among others, claimed by general managers and Deputy General Managers of the Company who serve as the director, supervisor, or manager at a reinvested business other than the subsidiary.

Note.10: The amount of the pension field shall refer to the amount set aside in 2024.

Note.11: The above table shows the employee remuneration for the 2024, which is expected to be distributed in August 2025. The proposed distribution amount is based on the actual distribution amount of last year.

Note.12: The general manager, TUNG-LIANG LIU have been elected as the legal representative director of Turvo International Co., Ltd. on 31 August 2022. The director, CHUNG-TING TSAI, has been elected as the legal representative director of Turvo International Co., Ltd. on 31 March 2023. The above information includes director remuneration and professional allowance paid by Turvo International Co., Ltd.

Note.13: Deputy General Manager, CHUNG-TING TSAI was promoted to Senior General Manager on 1 April 2024. On 1 April 2025, he was reassigned as Senior Deputy General Manager of the Office of the General Manager and concurrently appointed as Division Head of the Sales & Marketing Division.

* The remunerations disclosed in this table is different from that required by the Income Tax Act. Therefore, the purpose of this table is for information disclosure and is not intended for taxation purposes.

2.2.3 Names of managerial officers who received employees' bonuses in the preceding year and the distribution

Unit: thousands of dollars

	Title (Note1)	Name (Note1)	Employee Bonus - in Stock (Fair Market Value)	Employee Bonus - in Cash	Total	Ratio of Total Amount to Net Income (%)
Manager	General Manager	TUNG-LIANG LIU	0	1,847	1,847	0.41%
	Senior Deputy General Manager	CHUNG-TING TSAI				
	Deputy General Manager	JUN-SHEN ZHOU				
	Assistant General Manager	QIONG-MEI CHEN				
	Assistant General Manager	TZU-HO CHUANG				
	Assistant General Manager	MING-TA LEE				

Note.1: The name and title of the individual shall be disclosed but distribution of profits may be disclosed through a summary.

Note.2: Employee remunerations (including stock and cash) distributed to managers resolved by the Board of Directors in recent years. If it is impossible to estimate the value planned to be distributed this year, follow the actual value distributed last year and calculate proportionally. After-tax net earnings shall refer to the amount in the most recent year. When the International Financial Reporting Standards are adopted, after-tax net earnings are those indicated in the entity or individual financial report from the most recent year.

Note.3: Pursuant to Tai-Cai-Zheng-San-Zi No. 0920001301 Letter dated 27 March 2003, managers shall refer to the following positions:

- (1) General Managers and people of equivalent ranking
- (2) Deputy General Managers and people of equivalent ranking
- (3) Assistant managers and people of equivalent ranking
- (4) Head of Department of Finance
- (5) Head of Accounting Department
- (6) Other people handling corporate affairs and signature rights

Note.4: If directors, general managers, and Deputy General Managers receive employee remunerations (including stock and cash), this table needs to be completed in addition to Exhibit 1-2.

Note.5: The table above indicates 2024 employee remuneration, which is expected to be paid in August 2025. The amounts are the numbers potentially may be distributed this year referencing the actual amount distributed last year.

Note.6: On 1 April 2024, the Deputy General Manager, CHUNG-TING TSAI was promoted to Senior Deputy General Manager.

2.2.4 Remuneration Policy

- (1) Analysis of total remuneration paid to the Company's directors, general managers, and Deputy General Managers in the consolidated financial statements over the last two years as a percentage of the individual or individual financial reports' net profit after tax:

The total amount of directors' remuneration, general manager and deputy general managers' remuneration for 2024 increased compared to 2023, mainly due to a increase in after-tax net profit, resulting in an increase in distribution amounts.

The total remuneration for the General Manager and Deputy General Manager in 2024 decreased compared to 2023, mainly because Chairman CHIH-CHENG LIN stepped down from his role as CEO on 31 December 2023. As a result, the number of executives receiving compensation at the General Manager or Deputy General Manager level decreased from 4 to 3, leading to a reduction in total payouts.

The proportion of after-tax net profit allocated as remuneration for 2024 decreased compared to 2023. This is primarily because the Company adheres to the "Directors and Managers' Remuneration Management Measures" under which the remuneration for directors and managers is determined based on fixed amounts or profit-based ratios. Although after-tax net profit increased in 2024, the actual remuneration amount remained stable, resulting in a lower proportion. The correlation between changes in after-tax profit and remuneration remains reasonable.

Criteria Title	The Company				Consolidated Financial Statements			
	2023 (Note 1)		2024 (Note 2)		2023 (Note 1)		2024 (Note 2)	
	Total amount	Percentage of remunerations of supervisors to net income after tax	Total amount	Percentage of remunerations of supervisors to net income after tax	Total amount	Percentage of remunerations of supervisors to net income after tax	Total amount	Percentage of remunerations of supervisors to net income after tax
Director remuneration	15,706	6.20%	16,986	3.75%	16,948	6.69%	18,187	4.01%
General manager and deputy general manager remuneration	20,569	8.12%	11,907	2.63%	22,136	8.74%	12,557	2.77%
After-tax net profit	253,276		453,188		253,276		453,188	

Note 1: The director remuneration disclosed in the 2023 Annual Report reflects the first-stage declared amount for 2023. The figures in the 2024 Annual Report have been updated to reflect the second-stage declared amount for 2023, i.e., the actual amount disbursed in 2024.

Note 2: The director remuneration disclosed in the 2024 Annual Report reflects the first-stage declared amount for 2024. The portion pertaining to employee compensation is a proposed amount and will be updated in the 2025 Annual Report as the second-stage declared amount, i.e., the actual amount disbursed in 2025.

Note 3: Appointed as the representative designated by the corporate shareholder of the subsidiary, Turvo International Co., Ltd., the appointment date, and the list of directors' remuneration received from wsx are as follows:

The general manager, TUNG-LIANG LIU of the Company on 31 August 2022

The senior deputy general manager of the general manager's office and concurrently as division head of the marketing and sales Division, CHUNG-TING TSAI of the Company on 31 March 2023

- (2) The policy, criteria and composition of compensation payments, the procedures for setting compensation, and the correlation with operating performance and future risks

A. Policy, criteria and composition of remuneration.

In accordance with Article 35 of the Company's Articles of Incorporation, the remuneration of the directors for the performance of their duties shall be determined by the board of directors with reference to the normal standards of the industry in accordance with the degree of participation and value of a contribution of individual directors. In addition, in accordance with Article 35 of the Company's Articles of Incorporation, no more than 4% of the Company's profit for the year shall be set aside as directors' remuneration. The Company periodically evaluates the remuneration of directors in accordance with the "Regulations Governing the Performance of the Board of Directors", "Regulations Governing the Remuneration of Directors and Managers" and the related performance evaluation and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors.

The remuneration of the Company's managers is determined in accordance with the "Regulations Governing the Remuneration of Directors and Managers" in order to appreciate and reward the managers' efforts in their work. The bonuses are also based on the Company's annual operating performance, financial position, operational position and individual performance. In addition, if the Company makes a profit in the year, 2-6% of the profit shall be allocated to employee compensation in accordance with Article 35 of the Company's Articles of Incorporation. The results of the performance evaluation conducted by the Company in accordance with the "Regulations Governing the Evaluation of the Performance of Directors and Managers" shall be used as a reference for managerial bonuses. (i) Departmental performance: The annual KPI items of each department are evaluated based on the Company's strategic objectives; (ii) Personal performance: The results are based on a comprehensive personal performance appraisal combined with departmental KPI indicators.

The Company's compensation package is determined by the Remuneration Committee's organizational structure, including cash remuneration, stock options, dividends, pension benefits or resignation benefits, various allowances and other measures with substantial incentives. The scope of the remuneration is consistent with the guidelines for directors' and managers' remuneration in the annual reports of the companies.

B. Procedures for determining the remuneration

In order to regularly evaluate the remuneration of directors and managers, the evaluation results are based on the “Performance Evaluation Method of the Board of Directors” and the “Annual Performance Evaluation Management Method” applicable to managers and employees. In addition, the compensation of the chairman and the general manager is set in relation to the Company's operating performance indicators and reported to the Remuneration Committee and the board of directors. In order to fully demonstrate the achievement of the operating performance indicators, the performance criteria for the chairman of the board of directors are set in relation to the operating performance indicators and the scope of evaluation includes the following indicators: net income before tax, customer satisfaction and corporate governance evaluation. The performance criteria for the general manager include the following performance targets: operational safety management, supervision of the execution of financial plans, revenue management, promotion of the autonomy of maintenance capabilities, enhancement of internal controls, and implementation of quality assurance and management.

The performance self-assessment results of the board of directors, directors and members of various functional committees in 2024 all met the standards. According to the results of the Company's 2024 annual manager performance evaluation, all managers' performance has reached the predetermined target requirements, and the Company's annual operating indicators evaluation results have also reached the standard.

The performance evaluation and the reasonableness of the remuneration of the directors and managers of the Company are evaluated and reported by the compensation committee and the board of directors regularly every year, with reference to the individual's performance achievement rate and contribution to the Company, the overall operational performance of the Company, the future risks and development trends of the industry, and the timely review of the remuneration system from time to time in light of the actual operating conditions and relevant laws and regulations. The actual amounts of remuneration for directors and managers for 2024 are reviewed by the Remuneration Committee and reported to the board of directors.

C. Relevance to operating performance and future risks.

The review of the payment standards and systems related to the Company's remuneration policy is based on the Company's overall operating conditions as the main consideration, and the payment standards are approved based on the performance achievement rate and contribution to improve the overall organizational team efficiency of the board of directors and management departments. In addition, the Company also make reference to industry salary standards to ensure that our management's salaries are competitive in the industry and to retain outstanding management personnel.

The performance objectives of the Company's managers are integrated with "risk management" to ensure that possible risks within the scope of responsibilities are managed and prevented, and the results of the actual performance evaluation are linked to the relevant human resources and related salary and compensation policies. The performance of the relevant decisions is reflected in the Company's profitability, which is in turn related to the performance of the management's compensation and risk management.

2.3 Implementation of Corporate Governance

2.3.1 Board of Directors

The 18th board of directors met 2 (A) times in 2024. Attendance of directors and supervisors in the meetings is as follows:

Term of office: 20 July 2021 to 19 July 2024

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Chairman	CHIH-CHENG LIN	2	0	100%	Re-elected on 20 July 2021 (Elected and appointed as chairman on 20 July 2021)
Director	RUEI-YI HONG	2	0	100%	Re-elected on 20 July 2021
Director	SU-CHEN LIAO	2	0	100%	Re-elected on 20 July 2021
Director	CHUNG-TING TSAI	2	0	100%	Re-elected on 20 July 2021
Director	PAO-SUNG CHANG (Note 1)	1	0	50%	Re-elected on 20 July 2021
Director	MENG-CHUNG HO	2	0	100%	Re-elected on 20 July 2021
Director	CHIN -TAN LEE	2	0	100%	Newly appointed on 15 June 2022
Independent director	YOUNG-YAW PAI	1	1	50%	Newly appointed on 20 June 2023
Independent director	MING-LIANG TARNG (Note 1)	2	0	100%	Re-elected on 20 July 2021
Independent director	JUN-MING HSU (Note 1)	2	0	100%	Re-elected on 20 July 2021

Note 1: Following the re-election of the Board of Directors on 21 June 2024, the following directors of the 18th term stepped down: PO-SUNG CHANG, MING-LIANG TARNG, and CHUN-MING HSU. The 18th-term directors were expected to attend 2 meetings in 2024.

The 19th board of directors met 4 (A) times in 2024. Attendance of directors and supervisors in the meetings is as follows:

Term of office: 21 June 2024 to 20 June 2027

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) 【B/A】 (Note 2)	Remarks
Chairman	CHIH-CHENG LIN	4	0	100%	Re-elected on 21 June 2024 (Elected and appointed as chairman on 21 June 2024)
Director	RUEI-YI HONG	4	0	100%	Re-elected on 21 June 2024
Director	SU-CHEN LIAO	4	0	100%	Re-elected on 21 June 2024
Director	CHUNG-TING TSAI	4	0	100%	Re-elected on 21 June 2024
Director	PAO-SUNG CHANG	4	0	100%	Re-elected on 21 June 2024
Director	MENG-CHUNG HO	4	0	100%	Re-elected on 21 June 2024
Director	CHIN -TAN LEE	4	0	100%	Re-elected on 21 June 2024
Independent director	YOUNG-YAW PAI	4	0	100%	Re-elected on 21 June 2024
Independent director	HUI-YU HUANG (Note 1)	4	0	100%	Newly appointed on 21 June 2024
Independent director	YUNG-SHENG HSU (Note 1)	4	0	100%	Newly appointed on 21 June 2024

Note 1: Following the board re-election on 21 June 2024, the following directors were newly appointed to the 19th-term board: HUI-YU HUANG and YUNG-SHENG HSU. The 19th-term directors were expected to attend 4 meetings in 2024.

Other items required to be stated:

1. Where any of the following circumstances occurs with respect to the operation of the Board of Directors, meeting dates, sessions, contents of resolutions, opinions of all independent directors, and actions taken by the Company in response to opinions of independent directors shall be noted: None

(1) Items referred to in Article 14-3 of the Securities and Exchange Act.

(2) Except for the matters mentioned in the preceding paragraph, matters resolved by the Board of Directors, to which an independent director has a dissenting or qualified opinion that is on record or stated in a written statement.

2. For any recusal of directors due to conflict of interests in certain proposals, the director's name, the content of the motion, the reason for the refusal and the participation in voting shall be noted:

(1) 8 August 2024

Proposal: To enter into an Industry-Academia Collaboration and Academic Contribution Mechanism Agreement with National Chung Hsing University.

Explanation: 1. In accordance with the "Guidelines for Handling Concurrent Positions of Full-Time Teachers at Public Schools," within three months from the date of appointment as an independent director, a teacher must sign an Industry-Academia Collaboration and Academic.

2. The Company completed the re-election of its Board of Directors at the Annual General Shareholders' Meeting on 21 June 2024, and elected Professor YUNG-SHENG HSU as an independent director. Therefore, the Company must execute the said agreement with National Chung Hsing University.

Resolution: 1. Independent Director YUNG-SHENG HSU, being an interested party, recused himself from the meeting and did not participate in the discussion or voting.

2. The resolution was unanimously approved by all attending directors upon the Chairperson's

inquiry.

(2) 24 December 2024.

Proposal: Amendment to the “Directors and Managers’ Remuneration Management Measures” – Adjustment to Independent Directors’ Remuneration

Explanation: 1. The remuneration of independent directors shall be reasonably adjusted based on the degree of their participation in the Company’s operations and the value of their contributions.

2. Independent directors shall review the remuneration regularly at the beginning of each new term.

3. The amendment is scheduled to take effect on 1 January 2025.

4. In accordance with conflict-of-interest principles, independent directors shall recuse themselves from the resolution process.

5. The proposal was approved by the Remuneration Committee and submitted to the Board of Directors for approval.

Resolution: 1. Independent Directors YUNG-YAO PAI, HUI-YU HUANG, and YUNG-SHENG HSU recused themselves and were absent during the resolution process in accordance with conflict-of-interest avoidance.

2. The proposal was approved with unanimous consent of all attending directors, as confirmed by the Chairperson.

(3) 24 December 2024

Proposal: Periodic Review of Remuneration for Directors and Directors Performing Managerial Duties

Explanation: 1. The Company conducts periodic reviews and appropriate adjustments to the remuneration of directors and directors performing managerial duties at the start of each new term, based on the degree of their participation in Company operations and the value of their contributions.

2. In accordance with conflict-of-interest avoidance principles, the involved directors temporarily recused themselves from the resolution process. The proposal was presented by Human Resources Manager SHU-CHUN HUANG.

3. This proposal was reviewed and approved by the Remuneration Committee and is hereby submitted to the Board of Directors for approval.

Resolution: 1. In accordance with conflict-of-interest avoidance, Directors CHIH-CHENG LIN, SHU-CHENG LIAO, JUI-YI HUNG, CHUNG-TING TSAI, CHIN-TAN LEE, AND MENG-TSUNG HO recused themselves and were absent during the resolution process. Independent Director YUNG-SHENG HSU served as acting Chairperson for this proposal.

2. The proposal was approved with unanimous consent of all attending directors, as confirmed by the acting Chairperson.

3. The listed company shall disclose the evaluation period and period, scope, manner and content of the evaluation of the board's self (or peer) assessment, etc. and fill in Schedule II (2) the board of directors to assess the implementation of the situation.

(2) The board of directors to assess the implementation of the situation

Assessment cycle (Note 1)	Assessment time (Note 2)	Assessment scope (Note 3)	Assessment (Note 4)	Assessment content (Note 5)
Once a year	01/01/2024-12/31/2024	Board of directors	Performance evaluation of the board of directors	<p>1. The five major assessment dimensions of performance evaluation of the board of directors with a total of 45 measurement items</p> <p>(1) Participation in the operations of the Company</p> <p>(2) Improvement of the quality of the board of directors' decision making</p> <p>(3) Composition and structure of the board of directors</p> <p>(4) Election and continuing education of the directors</p> <p>(5) Internal control</p> <p>2. Evaluation Result for the Year: Excellent (4.8 out of a maximum score of 5)</p> <p>Scoring Range: A score of 4 indicates "Excellent"; a score of 5 indicates "Outstanding".</p> <p>3. Operational assessment of the board of directors by self-assessment is conducted by the Finance and Accounting Department</p> <p>4. Currently, the Company has established an Audit Committee and a Remuneration Committee. It is recommended to evaluate the establishment of additional committees such as a Risk Management Committee and a Sustainability Committee.</p> <p>5. The Company should continue succession planning and training for mid- to senior-level managers by offering diversified training and development programs. These initiatives will help cultivate potential successors and support directors and executives in performing their duties and complying with applicable laws and regulations, thereby enhancing their professional competencies.</p> <p>6. According to the Board Meeting Rules, a notice specifying the meeting agenda shall be sent to all directors at least 7 days in advance. It is</p>

				recommended that such notices be provided earlier than the statutory requirement (e.g., 10 days prior) to allow directors sufficient time for review and to ensure well-prepared proposals are submitted for discussion, thereby enabling the Board to perform its duties more efficiently and effectively.
Once a year	01/01/2024-12/31/2024	Individual board members	Self-assessment of board members	<p>1. The six major assessment dimensions of self-assessment's performance evaluation of members of the board of directors with a total of 23 measurement items</p> <p>(1) Mastery of company's objectives and tasks</p> <p>(2) Awareness of the duties and responsibilities of directors</p> <p>(3) Participation in the Company's operations</p> <p>(4) Management of internal relationships and communication</p> <p>(5) The director's professionalism and continuing education</p> <p>(6) Internal control</p> <p>2. Evaluation Result for the Year: Excellent (4.81 out of a maximum score of 5)</p> <p>Scoring Range: A score of 4 indicates "Excellent"; a score of 5 indicates "Outstanding".</p> <p>3. The assessment is conducted by the Finance and Accounting Department, utilizing a questionnaire approach. It is self-assessed by board members. 9 questionnaires were expected to be received, and 9 were received.</p> <p>4. Enhance the adequacy of time devoted by directors to Board-related matters.</p> <p>5. The performance evaluation results of members of board of directors will serve as a reference for nominating directors and determining their individual compensation.</p>
Once a year	01/01/2024-12/31/2024	Remuneration Committee	Self-evaluation of the Remuneration Committee	<p>1. The four major assessment dimensions of performance evaluation of Remuneration Committee with a total of 20 measurement items</p> <p>(1) Participation in the Company's operations</p>

				<p>(2) Understanding of the responsibilities of the Remuneration Committee</p> <p>(3) Improvement in the decision-making quality of the Remuneration Committee</p> <p>(4) Composition of the Compensation Committee and selection of its members</p> <p>2. Evaluation Result for the Year: Excellent (4.98 out of a maximum score of 5)</p> <p>Scoring Range: A score of 4 indicates “Excellent”; a score of 5 indicates “Outstanding”.</p> <p>3. The evaluation is conducted by the responsible unit - Human Resources Department responsible for scoring. It is self-assessed by board members. 3 questionnaires were expected to be received, and 3 were received.</p> <p>4. The performance evaluation result of the Remuneration Committee members will be used as a reference for nominating directors and determining their individual compensation.</p>
Once a year	01/01/2024-12/31/2024	Audit Committee	Self-evaluation of the Audit Committee	<p>1. The five major assessment dimensions of performance evaluation of Audit Committee with a total of 22 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Audit Committee</p> <p>(3) Improvement in the decision-making quality of the Audit Committee</p> <p>(4) Composition of the Audit Committee and selection of its members</p> <p>(5) Internal control</p> <p>2. Evaluation Result for the Year: Excellent (4.88 out of a maximum score of 5)</p> <p>Scoring Range: A score of 4 indicates “Excellent”; a score of 5 indicates “Outstanding”.</p> <p>3. The evaluation was conducted via an online questionnaire completed independently by the independent directors. A total of 3 responses were expected, and 3 were received.</p> <p>4. The Company provides a comprehensive evaluation process for all major investment decisions, with</p>

				<p>responsible personnel attending board meetings to present explanations.</p> <p>5. To ensure that professional and objective recommendations are submitted for board discussion, independent directors communicate and consult with the Company in advance when necessary. The Company is able to provide thorough explanations accordingly.</p> <p>6. The performance evaluation results of the Audit Committee members will be used as a reference for nominating directors and determining their individual compensation.</p>
Once every three years	09/01/2022-08/31/2023	Board of directors	External evaluation: Taiwan Corporate Governance Association	<p>In accordance with the composition, guidance, authorization, supervision, communication, internal control, risk management, self-discipline of the board of directors, and other eight aspects such as board meetings and support systems, etc., the effectiveness of the board of directors is assessed through open-ended questionnaires and video interviews with relevant members.</p> <p>Assessment Results:</p> <p>A. Overall assessment of the institution</p> <p>1. The chairman of your company respects the diverse expertise of the directors. Significant board meeting agendas are thoroughly discussed, and consensus is reached before the meetings. Communication with board members is smooth, facilitating effective leadership and governance. Independent directors demonstrate professionalism and extensive experience, actively expressing their opinions at the board meetings and engaging positively with the management team and providing consultation and guidance.</p> <p>2. Your company places emphasis on the trends of sustainable development. Since 2014, it has been preparing Corporate Social Responsibility (CSR) reports. In 2023, it renamed the “CSR Office” and “CSR Committee” to “Sustainable Development Office” and “Sustainable Development Committee”, respectively. It has advanced the schedule outlined in the Financial Supervisory Commission's “Sustainable Development Roadmap for Listed Companies”, initiating greenhouse gas inventories and verifications ahead of schedule. The</p>

				<p>progress on ESG-related matters is regularly reported to the board of directors to demonstrate your company's effort in promoting ESG issues.</p> <p>3. Your company conducts regular annual discussions starting from July each year, involving the Strategic Development Department and unit managers, to formulate future operational policies, outline strategic maps, and establish short, medium, and long-term goals and strategies that can be implemented. The business plan policy is announced in October. Reporting to the board of directors at the end of each year facilitates board members' understanding of the overall strategic direction Zeng Hsing.</p> <p>4. Your company has established a "Risk Management Committee" under the jurisdiction of the general manager in accordance with actual operational needs. This committee is responsible for supervising risk management policies and frameworks, conducting an inventory of the Company's overall operational policies, identifying potential impacts on operations and profitability, initiating various risk projects for risk assessment, reviewing various risk management mechanisms, and implementing response measures for risk loss events, etc. Additionally, preliminary considerations for addressing recent emerging risks (such as climate change and geopolitical risks) have been incorporated into the strategic planning. Regular reporting of the risk management situation to the board of directors demonstrates your company's commitment to implementing risk and crisis management effectively.</p> <p>B. Suggestions</p> <p>1. Your company currently has 10 directors (including 3 independent directors and 2 seats of independent directors have served three terms. It is recommended that your company consider best practices in corporate governance. For the composition of the next board of directors, factors such as the tenure of independent directors, the proportion of seats, and gender diversity should be taken into account to enhance the diversity and</p>
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				<p>independence of the overall board of directors.</p> <p>2. Your company places emphasis on sustainable operations and development. Currently, it has established a “Sustainable Development Committee”, with the chairman serving as the steering committee. To deepen and systematically implement the vision of corporate sustainable development, it is suggested that your company consider elevating the “Sustainable Development Committee” to the functional committee level of the board of directors. This committee would be responsible for coordinating corporate social responsibility, supervising the direction of sustainable development, and implementing specific action plans. This elevation would enhance the communication and execution efficiency of strategies and actions related to corporate sustainability and social responsibility across your company's various units.</p> <p>3. Your company has formulated executive compensation indicators, which have been discussed by the Compensation Committee and approved by the board of directors. It is recommended that your company gradually incorporate key ESG performance into the executive compensation indicators, in alignment with future ESG initiatives and work, to facilitate the Company's future sustainable operations and development.</p> <p>C. Improvement in implementation status</p> <p>1. <u>Increasing a female director in 2024:</u> Considering factors such as the tenure of independent directors, proportion of seats, and gender diversity, to enhance the overall diversity and independence of the board of directors.</p> <p>2. <u>Incorporating ESG performance into the KPI targets of executives in 2024:</u> In alignment with ESG initiatives, integrating key ESG performance into the executive compensation indicators to facilitate the Company's future sustainable operation and development.</p>
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Note 1: The implementation cycle of the board evaluations, e.g. once a year.

Note 2: The period covered by the board evaluation, e.g. to evaluate the performance of the board from 1 January 2019 to 31 December 2019.

Note 3: The scope of the evaluation includes performance evaluations of the board of directors, individual board members and functional committees.

Note 4: The manner in which the assessment is conducted includes internal self-assessment of the board of directors, self-assessment of board members, peer evaluation, assessment by external experts, professional institutions appointed, or other appropriate manner for performance evaluation.

Note 5: The assessment content includes at least the following items according to the assessment scope:

(1) Performance evaluation of the board of directors: including at least the degree of participation in the Company's operations, the quality of the board's decision-making, the composition and structure of the Board of Directors, the selection and continuous training of directors, internal control, etc.

(2) Performance evaluation of individual directors: including at least the Company's objectives and tasks, directors' recognition of responsibilities, participation in the Company's operations, internal relationship management and communication, professional and continuous training of directors, internal control, etc.

(3) Performance evaluation of functional committees: the degree of participation in the Company's operations, the responsibility recognition of the functional committees, the quality of the functional committee's decision-making, the composition of the functional committee and the selection of members, internal control, etc.

4. The objectives of enhancing the function of the board of directors for the year and the most recent year (such as the establishment of an Audit Committee, the promotion of information transparency, etc.) and the implementation assessment:

(1) Enhancing the functions

The current directors of the Company were elected on 20 July 2021. Among them, the independent directors were selected through the nomination system of candidates. None of the directors of the Company have a kinship relationship within the scope of spouse or second parent. On 12 August 2020, the Company adopted a resolution of the board of directors to revise the board meeting rules in accordance with the "Measures for the board of directors of the Public Offering Company". Subsequent operations of the board of directors shall be governed by the "Code of Procedures for Board Meetings". In addition, the Company approved to include the purchase of directors and supervisors' liability insurance in the Company's Articles of Incorporation on 13 June 2007 through the resolution of the shareholders' general meeting and enroll the directors and supervisors in liability insurance every year from 1 February 2010, the latest policy renewal was on 1 February 2025. In addition, during the tenure of the board members of the Company, they regularly participate in the training courses related to the topics of corporate governance organized by the institutions designated by the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies".

The Company has formulated rules for the scope of duties of independent directors. The 18th board of directors (term: from 20 July 2021 to 19 July 2024) is composed of YOUNG-YAW PAI, MING-LIANG TARNG and JUN-MING HSU and their attendance was normal. As of 20 June 2024, the three independent directors have not served more than three consecutive terms; The 19th board of directors (term: from 21 June 2024 to 20 June 2027) is composed of YOUNG-YAW PAI, HUI-YU HUANG and YUNG-SHENG HSU and their attendance was normal. As of 31 December 2024, the three independent directors have not served more than three consecutive terms. Their professional knowledge, accounting and financial analysis, and other professional capabilities provided the board with good recommendations on the related proposals on internal control system implementation, business and finance in the board meeting.

The Company has formed an Audit Committee from all independent directors from 20 July 2021 to assist the board of directors in supervising the Company's meetings. The Audit Committee is responsible for overseeing the operation and quality of the Company's accounting, auditing, and financial reporting processes, as well as considering the risks and reasonableness of significant financing for funds, endorsements and guarantees, and transactions to acquire or dispose of assets.

(2) Promoting information transparency

The Company and the Board of Directors approved that the financial statements of the Company and its subsidiaries are audited by Ernst & Young, and all the information required by the law is disclosed and completed correctly in time. On 13 March 2009, the board of directors approved the "Internal Material Information Processing Procedures" and on 22 December 2022, the board approved to update the "Internal Material Information Processing Operation Procedures" and appoint a dedicated staff to be responsible for the collection and disclosure of Company information, establish a spokesperson and deputy spokesperson system to ensure that all major information can be disclosed in a timely and appropriate manner. The website set up by the Company can be linked to MOPS (Market Observation Post System, TWSE) for shareholders and interested parties to access the related business and financial information of the Company.

(3) Effective exercise of the functions of the board of directors

1. The Company purchases directors' liability insurance for all directors to enable them to fulfill their duties wholeheartedly and create the best interests for the Company and shareholders.
2. As of 31 December 2024, none of the three independent directors in the Company have served for more than three consecutive terms.
3. The Company has established a corporate governance supervisor approved by the board of directors and formulated a "Standard Operating Procedures for Handling Requests Made by Directors" to assist directors in performing their duties and enhancing the efficiency of the board of directors.
4. The Company has established a "Rules for Performance Evaluation of Board of Directors" to evaluate the board of directors' performance at least once a year. And the performance evaluation of the Remuneration Committee and the Audit Committee has also been added.

2.3.2 Information on the operation of the Audit Committee

In accordance with Article 14-4 of the Securities and Exchange Act, the Company established the Audit Committee on 20 July 2021, which consists of all independent directors.

1. Professional qualifications and experience of audit committee members

Member	Professional Qualifications and Experience
Independent director MING-LIANG TARNG (Convenor) (Resigned on 21 June 2024)	<ul style="list-style-type: none"> At least 5 years of working experience in accounting and passed the national examinations required for accountants, business judgment, industry knowledge, leadership and decision-making ability. Experience: Accountant and partner of Sunshine Accounting Firm, Member/independent director of Remuneration Committee and convenor of Audit committee of the Company, independent director/ member of audit committee/ member of Remuneration Committee of Lagis Enterprise Co.
Independent director YOUNG-YAW PAI	<p>At least 5 years of work experience in business, finance, accounting, corporate business, specializing in the work experience such as corporate operations, management administration, crisis management ability, industry knowledge, possession of international perspective, global market assessment and decision-making and leadership ability.</p> <ul style="list-style-type: none"> Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfire Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Union Mechatronic Inc. (Representative director: Precision Motion Industries, Inc.)/ Chairman of Yuanzhou Co., Ltd./Independent director and Member of Remuneration Committee and Audit Committee of the Company
Independent director JUN-MING HSU (Resigned on 21 June 2024)	<ul style="list-style-type: none"> At least 5 years of working experience as a professor of finance at a public university with professional qualifications, operational judgment, international market leadership and decision-making ability, specializing in financial and accounting planning professional matters, assisting companies in financial professional consulting and providing professional advice on the future development of the Company. Experience: Professor of the Department of Finance of National Chung Hsing University, Independent Director / Member of Remuneration Committee / Member of Audit Committee of Calin Technology Co., Ltd., Independent Director/Convenor of the Compensation and Remuneration Committee/Member of the Audit Committee of Zeng Hsing Industrial Co., Ltd., Independent Director / Member of Remuneration Committee / Member of Audit Committee of Shine Trend International Multimedia Technology Co., Ltd.
Independent director HUI-YU HUANG (Newly appointed on 21	<ul style="list-style-type: none"> Possesses over five years of professional experience in accounting and has passed the national CPA qualification examination. Equipped with business judgment, industry expertise, leadership, and decision-making capabilities. Experience: CPA, Yangtze CPAs and Co., Supervisor, Hungkuang University, Independent Director / Member of the Remuneration Committee / Member of the Audit

June 2024)	Committee, the Company.
Independent director YUNG-SHENG HSU (Newly appointed on 21 June 2024)	<ul style="list-style-type: none"> • Possesses over five years of experience as a professor in accounting and information management at public universities. Demonstrates strong business judgment, global market insight, and expertise in financial and accounting planning, with leadership and decision-making capabilities. Provides financial advisory support to the Company and offers professional insights for future development. • Experience: Professor, Department of Finance, National Chung Hsing University, Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, Giantplus Technology Co., Ltd., Independent Director / Member of the Remuneration Committee / Member of the Audit Committee / Member of the Risk Management Committee, Adimmune Corporation, Corporate Director, Ideal Bike Corporation (Representative of Guoling Investment Co., Ltd.), Independent Director / Convener of the Remuneration Committee / Member of the Audit Committee, the Company

2. Main job content:

The matters considered by the Audit Committee mainly include:

- (1) Financial reports;
- (2) Audit and accounting policies and procedures;
- (3) Internal control system and related policies and procedures;
- (4) Significant asset or derivative transactions;
- (5) Significant loans, endorsements or guarantees of funds;
- (6) The raising or issuance of securities;
- (7) Derivative financial instruments and cash investment status;
- (8) Legal compliance;
- (9) Whether there are related-party transactions and potential conflicts of interest involving managers and directors;
- (10) Report of complaints;
- (11) Anti-fraud plan and fraud investigation report;
- (12) Qualifications, independence, and performance evaluation of certified public accountant;
- (13) The appointment, dismissal or compensation of a certified public accountant;
- (14) Appointment or removal of the head of finance, accounting or internal audit;
- (15) Performance of the audit committee's responsibilities;
- (16) Self-assessment questionnaire of Audit Committee's performance evaluation; and
- (17) Other matters in accordance with laws, or the articles of incorporation to be reviewed by this committee, or significant matters as stipulated by competent authorities.

The Audit Committee met 5 times (A) in 2024, and the independent directors were present as follows.

Title	Name	Attendance in Person (B)	By proxy	Attendance Rate (%) 【B/A】 (Notes 1 and 2)	Remarks
Convener	MING-LIANG TARNG	2	0	100%	Resigned on 21 June 2024
Convener	HUI-YU HUANG	3	0	100%	Newly appointed on 21 June 2024
Member	YOUNG-YAW PAI	4	1	80%	Re-elected on 21 June 2024.
Member	JUN-MING HSU	2	0	100%	Resigned on 21 June 2024
Member	YUNG-SHENG HSU	3	0	100%	Newly appointed on 21 June 2024

Note 1: In the event an independent director of the committee resigns before serving a full year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual number of meetings held by the committee and the actual number of attendances by such members.

Note 2: If there is a reelection of any independent director before the end of the year, the outgoing and elected members should be added to the list and indicate whether a member is incumbent, newly-elected or reelected and the reelection date. Their attendance rate (%) should be based on the actual number of meetings held by the committee and the actual number of attendances by such members.

Note 3: On 21 June 2024, the Board of Directors was re-elected. Newly appointed Independent Directors: HUI-YU HUANG and YUNG-SHENG HSU; Resigned Independent Directors: MING-LIANG TARNG and JUN-MING HSU; Re-elected Independent Director: YOUNG-YAW PAI.

Other matters shall be recorded:

1. In the event the Audit Committee has any of the following occurrences, must state the date and term of the meeting, the content of the resolutions, the dissenting opinions, reservations, or significant recommendations of the independent directors, the results of the Audit Committee's resolutions, and the Company's handling of the Audit Committee's opinions.

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

Audit Committee Meeting Date	Resolution's content	Results of Audit Committee Resolutions and the Company's Handling of Audit Committee Opinions	Independent directors' dissenting opinions, reservations or significant recommendations
1 st term, 16 th meeting on 8 March 2024	A. The Company's 2023 financial statements and consolidated financial statements	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None
	B. The issuance of the “Statement of Internal Control” for 2023		
	C. Proposal to adjust the group's investment structure in response to Article 14-3 of Income Tax Act “Controlled Foreign Company (CFC)”		
	D. Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd., a 100%-owned subsidiary of the Company, reduced capital and returned share monies		
	E. The Company's 2023 Earnings Distribution Proposal		
	F. Release of non-compete restrictions on elected directors of the 19th term of the Company		
	G. Proposal for the appointment of the Company's CPA, regular evaluation of their independence and qualifications		
	H. Planning to establish general policy for the pre-approval of non-assurance services policy		
	I. Amendment to the Company's “Rules of Procedure for Board of Directors Meetings”		
1st term, 17th meeting on 8 May 2024	A. Consolidated financial statements for the first quarter of 2024	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None
	B. The Company intends to purchase common shares of Turvo International Co., Ltd. on the centralized market		
	C. Apply for an endorsement guarantee from CTBC Bank by the Company for its 100% reinvestment in “Zeng Hsing Industrial Co., Ltd. (Vietnam)”		
	D. Amendments to the Company's “Procedures for the Acquisition or Disposal of Assets”		
2nd term, 1st meeting on 8 August 2024	A. Approval of the Company's Consolidated Financial Statements for the Second Quarter of 2024.	All motions were unanimously approved by the Audit Committee, and	None.

	B. Discussion on the Company's plan to acquire common shares of Turvo International Co., Ltd. on the Stock Exchange Market.	the board of directors approved all motions on the Audit Committee's recommendation.	
	C. Approval of the merger of the Company's subsidiary Zeng Hsing Industrial Co., Ltd (VN) with Shinco Technologies Ltd. (VN), with ZENG HSING as the surviving entity.		
	D. Approval of the revision to the Company's Procedures for Ethical Management and Guidelines for Conduct.		
2nd term, 2nd meeting on 8 November 2024	A. Approval of the Company's consolidated financial statements for the third quarter of 2024.	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	
	B. Approval of the capital reduction of ARCORIS PTE LTD., a wholly owned subsidiary, and the return of capital to the parent company.		
	C. Review of audit fees and the engagement of the CPA firm.		
	D. Approval of a guarantee application to Mega International Commercial Bank for Zeng Hsing Industrial Co., Ltd. (Vietnam), a wholly owned subsidiary.		
	E. Approval of a guarantee application to Taipei Fubon Bank for Zeng Hsing Industrial Co., Ltd. (Vietnam), a wholly owned subsidiary.		
	F. Approval of a short-term credit line guarantee application to Citibank (as defined in the guarantee letter) for Zeng Hsing Industrial Co., Ltd. (Vietnam), a wholly owned subsidiary.		
	G. Approval of a guarantee application to Bank SinoPac for Zeng Hsing Industrial Co., Ltd. (Vietnam), a wholly owned subsidiary.		
	H. Amendment to the "Procedures for Acquisition or Disposal of Assets."		
	I. Amendment to the "Procedures for Lending of Funds and Making of Endorsements/Guarantees."		
	J. Review of the Amendments to the "Code of Integrity Management"		

	K. Review of the Amendments to the “Procedures for Ethical Management and Guidelines for Conduct.”		
	L. Review of the Amendments to the “Code of Ethical Conduct.”		
2nd term, 3rd meeting on 24 December 2024	A. Approval of the 2025 Internal Audit Plan	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	
	B. Discussion on the Proposed Acquisition of Common Shares of Turvo International Co., Ltd. on the Open Market		
	C. Approval of the Proposed Disposal of 100% Indirectly Held Subsidiary JETSUN TECHNOLOGY CO., LTD. (SEYCHELLES), Including Its Investment in JETSUN VIETNAM TECHNOLOGY CO., LTD.		
	D. Approval of the Amendments to the Articles of Incorporation		
	E. Approval of the Maximum Aggregate Limit for the Acquisition or Disposal of Derivatives by the Company in 2025		
	F. Approval of the Maximum Aggregate Limit for the Acquisition or Disposal of Derivatives by the Company's Investee Enterprises in 2025		
2nd term, 4th meeting on 07 March 2025	A. Approval of the 2024 Statement on Internal Control System	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
	B. Approval of the 2024 Parent-Only and Consolidated Financial Statements		
	C. Definition of the Scope of Non-Managerial Employees of the Company		
	D. Review and Abolishment of the “Directors and Managers’ Performance Evaluation Measures” (2P-HR-24) and Its Related Forms		
	E. Review of the 2024 Distribution of Directors’ Remuneration and Employees’ Compensation		
	F. Approval of the 2024 Earnings Distribution Plan		

	<p>G. Approval of the Convening of the 2024 Annual General Shareholders' Meeting</p> <p>H. Approval of Matters Related to the Acceptance of Shareholder Proposals for the 2024 Annual General Shareholders' Meeting</p> <p>I. Approval of the Change in the Company's CPA</p> <p>J. Approval of the Appointment and Periodic Evaluation of the Independence and Competency of the Company's Certified Public Accountant</p> <p>K. Approval of the General Policy for Pre-Approval of Non-Assurance Services</p> <p>L. Approval of the Renewal of Banking Agreements with Mega International Commercial Bank</p> <p>M. Approval of the Implementation Results and Future Work Plan of the Sustainability Development Committee</p> <p>N. Approval of the Amendments to the Articles of Incorporation</p>		
2nd term, 5th meeting on 09 April 2025	A. Approval of the Sale of Land Use Rights and Buildings (Including Infrastructure) of Shinco Technologies Ltd. (VN), a Wholly-Owned Subsidiary of the Company	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.
2nd term, 6th meeting on 09 May 2025	<p>A. Approval of the Company's Consolidated Financial Statements for the First Quarter of 2025</p> <p>B. Approval of the Renewal of Banking Arrangements with Ta Ching Bills Finance Co., Ltd. (No Change in Credit Limit)</p> <p>C. Approval of the Renewal of Banking Arrangements with Bank of Taiwan (No Change in Credit Limit)</p> <p>D. Approval of the Renewal of Banking Arrangements with E.SUN Commercial Bank, Ltd. (No Change in Credit Limit)</p> <p>E. Approval of the Renewal of Banking Arrangements with Mega Bills Finance Co., Ltd. (No Change in Credit Limit)</p>	All motions were unanimously approved by the Audit Committee, and the board of directors approved all motions on the Audit Committee's recommendation.	None.

	F. Approval of the Renewal of Banking Arrangements with CTBC Bank Co., Ltd. (No Change in Credit Limit)		
	G. Approval of the Renewal of Banking Arrangements with Taishin International Bank (No Change in Credit Limit)		
	H. Approval of the Renewal of Banking Arrangements with Chang Hwa Bank (No Change in Credit Limit)		
	I. Approval of the Endorsement and Guarantee by the Company for Zeng Hsing Industrial Co., Ltd. (Vietnam), a 100% Owned Subsidiary, in its Application for Credit Facilities from CTBC Bank Co., Ltd.		
	J. Approval of Amendments to the “Regulations Governing the Supervision and Management of Subsidiaries”		
	K. Approval of Amendments to the “Risk Management Policy”		

(2) Other than the preceding matters, other matters not approved by the Audit Committee and approved by two-thirds or more of all directors: None.

2. For any recusal of independent directors due to conflict of interests in certain proposals, name of the independent director, contents of resolutions, reasons for the recusal and participation in the voting shall be noted: None.

3. Communication between independent directors and internal auditors and accountants (shall include the significant matters, manner and results of communication regarding the Company's financial and business conditions).

(1) At the quarterly audit committee meeting, the Company's internal audit supervisor communicates the audit report results to the audit committee members on a regular basis and presents an internal audit report. If there are any unusual circumstances, they will immediately notify the audit committee members. There were no such occurrences in 2024. The Company's audit committee and the head of internal audit have a good working relationship.

(2) At the quarterly audit committee meeting, the Company's certified accountants will present the results of the quarterly financial statement audit or review, as well as any other information required by applicable laws. If there are any unusual circumstances, they will immediately notify the audit committee members. There were no such occurrences in 2024. The company's audit committee and certified accountants communicated effectively.

The communication matters between independent directors and the head of internal audit or with the CPAs are as follows:

Audit Committee Meeting Date	Attendees	Significant matters communicated with the head of internal audit	Significant matters communicated with the CPAs
1st term, 16th meeting on 8 March 2024	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI (Director, MING-LIANG TARNG, attended the meeting on his behalf) Attendees: Chairman CHIH-CHENG LIN, general president TUNG-LIANG LIU, senior manager TZU-HO CHUANG, section chief JIA-JUN XIE CPAs: MING-HUNG CHEN, YUAN-TAI LIN	Review of internal audit business reports	<ul style="list-style-type: none"> ● The CPAs discussed the 2023 audit of the consolidated financial statements, including the audit results and key audit matters. And the communication with corporate governance and management team. ● Recent legal updates and key corporate governance measures explained by CPAs ● Explanation of EY's Audit Quality Indicators (AQI) Information ● Pre-approval explanation for non-assurance services ● Article 43-3 of Income Tax Act - Challenge of Controlled Foreign Company (CFC) legislation
1 st term, 17 th meeting on 8 May 2024	Independent director: MING-LIANG TARNG Independent director: JUN-MING HSU Independent director: YOUNG-YAW PAI Attendees: Chairman CHIH-CHENG LIN, general president TUNG-LIANG LIU, senior manager TZU-HO CHUANG, section chief JIA-JUN XIE	Review of internal audit business reports	<ul style="list-style-type: none"> ● None
2 nd term, 1st meeting on 8 August 2024	Independent Directors: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU Attendees: CHIH-CHENG LIN (Chairman), TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Senior Manager), CHIA-CHUN HSIEH (Section Chief) CPAs: CHING-YA HUANG, YUAN-TAI LIN	Internal Audit Project Report Meeting	<ul style="list-style-type: none"> ● The CPA provided an explanation regarding the review of the financial statements for the second quarter of 2024. ● Recent legal updates and key corporate governance measures explained by CPAs

8 August 2024 (Exclusive Meeting)	INDEPENDENT DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU AUDIT PERSONNEL: CHIA-CHUN HSIEH, YU-CHING HUANG, TING-YAO CHEN	<ul style="list-style-type: none"> ● Internal Audit Execution Report within the Group ● Report on the Independence and Objectivity of Audit Personnel ● Report on the execution of Other communication matters 	<ul style="list-style-type: none"> ● None
8 August 2024 (Exclusive Meeting)	DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU CPAs: CHING-YA HUANG, YUAN-TAI LIN	<ul style="list-style-type: none"> ● None 	<ul style="list-style-type: none"> ● The CPA provided an explanation regarding the review of the financial statements for the second quarter of 2024. ● Recent legal updates explained by CPAs
2 nd term, 2 nd meeting on 8 November 2024	DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU Attendees: TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Senior Manager), CHIA-CHUN HSIEH (Section Chief)	Review of internal audit business reports	<ul style="list-style-type: none"> ● None
2 nd term, 3 rd meeting on 24 December 2024	DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU Attendees: CHIH-CHENG LIN (Chairman), TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Senior Manager), CHIA-CHUN HSIEH (Section Chief)	Review of internal audit business reports	<ul style="list-style-type: none"> ● None
2 nd term, 4 th meeting on 07 March 2025	DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU Attendees: CHIH-CHENG LIN (Chairman), TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Senior Manager), CHIA-CHUN HSIEH (Section Chief) CPAs: CHING-YA HUANG, CHEN-EN HSIAO	Review of internal audit business reports	<ul style="list-style-type: none"> ● The CPAs discussed the 2024 audit of the consolidated financial statements, including the audit results and key audit matters. And the communication with corporate governance and management team. ● Recent legal updates and key corporate governance measures explained by CPAs ● Explanation of EY's Audit Quality Indicators (AQI) Information ● Pre-approval explanation for non-assurance services

2 nd term, 6 th meeting on 09 May 2025	DIRECTORS: YUNG-YAO PAI, HUI-YU HUANG, YUNG-SHENG HSU Attendees: TUNG-LIANG LIU (General Manager), TZU-HO CHUANG (Senior Manager), CHIA-CHUN HSIEH (Section Chief)	Review of internal audit business reports	● None
Results: The Audit Committee reviewed or approved the above matters, and the independent directors had no objection.			

(3) Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles”

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
I. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		The Company formulated a formal code of practice for corporate governance according to the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and disclosed on TWSE and the Company’s website in accordance with regulations.	No discrepancy.
II. Shareholding structure & shareholders’ rights (I) Does the Company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(I) The Company set up a spokesperson and a deputy spokesperson to deal with proposals or disputes from shareholders.	The Company set up a spokesperson and a deputy spokesperson as a conduit for communication between the Company and stakeholders.
(II) Does the Company possess the list of its major shareholders as well as the ultimate	V		(II) The Company keeps track of any changes to the list of the major shareholders and the ultimate owners of those shares through reporting.	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
owners of those shares?				
(III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		(III)The Company set forth “Subsidiary Supervision and Management Practices” and “Relationship and Group Enterprise Transactions Procedures” to regulate related matters accordingly, and the subsidiaries implement the relevant internal control measures. The Company conducts regular and ad-hoc audits by the Audit Department, the Financial Department or the accountant. The Company’s the Strategic Development Department and the Financial Department keep track of any regulation updates and control system from time to time.	No discrepancy.
(IV) Does the Company establish internal rules against insiders trading with undisclosed information?	V		(IV) The Company has enacted and complied with “Procedures for Handling Material Insider Information” and “Code of Ethical Conduct” to regulate the Company’s stakeholders.	No discrepancy.
III. Composition and Responsibilities of the board of directors (I) Does the board of directors have a diversity policy, specific management objectives and implementation?	V		(I) a. The board enacted a policy on diversity based on the composition of the members. The related information is disclosed on the Company’s website and TWSE. b. The Company adopted the “Corporate Governance Principles” at the board meeting of 30 October 2014 and amended the regulations that develop a diversified policy in Chapter 3, “Strengthening Board Functions” on 30 April 2015, 9 November 2016, 12 August 2020, 10 March 2022, 22 December 2022 and 10 March 2023. The nomination and selection of members of the Company’s board of directors are in accordance with the Company’s articles of association. In order to ensure the diversity and independence of directors, the nomination will evaluate the qualifications of each candidate’s academic experience, refer to the opinions of stakeholders, and abide by the "Director and Supervisor Election Measures" and " Corporate Governance Principles". c. The diversification of the members of the board: According to the management objectives on diversity, the entire board of directors’ specialty will need to include business	No Discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>strategy, finance & accounting and administration and production management. Their professional background covers a wide range of industry, accounting, technology and management, etc., and has the knowledge, skills and literacy necessary to perform duties. Each director’s industry experience and expertise are diverse and complementary.</p> <p>Implementation situation of members of board of directors’ diversification policy:</p> <p>The 18th board of directors of the Company (term: 20 July 2021 to 19 July 2024) consists of 10 directors, including 7 non-independent directors and 3 independent directors.</p> <ul style="list-style-type: none"> ● 10 male directors ● 10 with Republic of China nationality ● 2 independent directors have served the position for over 8 years, while 1 independent director have served for less than 1 year. They have met the statutory requirements of independent directors, and they are familiar with the Company’s finance and operations. ● 10 directors are not related by a spouse or second-degree kinship between them. ● 10 with operational evaluation; 4 with financial and legal expertise; 8 with management administration; 8 with industry knowledge; 4 with international market perspective; and 10 with leadership and decision-making ability ● 5 directors aged above 60; and 5 directors aged below 60 ● The ratio of directors with employee status is 10% (1 director) ● The ratio of independent directors is 30% (3 directors) <p>The Company places emphasis on gender equality in the composition of members of the board of directors, with a target ratio of female director over 10%. It is anticipated that in the 19th board of directors, a female director will be added to achieve this target.</p> <p>The 19th board of directors of the Company (term: 21 June 2024 to 20 June 2027) consists of 9 directors, including 6 non-independent directors and 3 independent directors.</p> <ul style="list-style-type: none"> ● 8 male directors; 1 female director ● 9 with Republic of China nationality ● 1 independent director has served the position for over 1 year, while 2 independent directors have served for less than 1 year. They have met the statutory requirements of independent directors, and they are familiar with the Company’s finance and operations. ● 9 directors are not related by a spouse or second-degree kinship between them. ● 9 with operational evaluation; 4 with financial and legal expertise; 7 with management administration; 3 with crisis 	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(II) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		<p>management; 7 with industry knowledge; 4 with international market perspective; and 9 with leadership and decision-making ability</p> <ul style="list-style-type: none"> ● 6 directors aged above 60; and 3 directors aged below 60 ● The ratio of directors with employee status is 11% (1 director) ● The ratio of independent directors is 33% (3 directors) <p>(II) The Company has set up the Remuneration Committee. On 20 July 2021, the Company also set up an Audit Committee. Other functional committees shall be established whenever deemed necessary.</p>	No discrepancy.
(III) Does the Company establish a standard to measure the performance of the board, implement it annually, report the results of the performance evaluation to the board of directors, and applies it to individual directors' remuneration and nomination renewal?	V		<p>(III) The board of directors of the Company passed the “Board of Directors Performance Evaluation Method” on 10 August 2016 to enhance the functionality of the board's operations by promoting self-motivation among its members. The performance evaluation of the board of directors, board members, Remuneration Committee, and Audit Committee should be conducted at least once a year. The internal evaluation should conduct an annual performance assessment at the end of each year. The board of directors, board members, Remuneration Committee, and Audit Committee and the board of directors' external evaluation for 2024: Taiwan Corporate Governance Association performed the performance assessment and submitted the performance evaluation results to the board of directors on 7 March 2025.</p> <p>1. <Board of directors> The five major assessment dimensions of performance evaluation with a total of 45 measurement items</p> <p>(1) Participation in the operations of the Company</p> <p>(2) Improvement of the quality of the board of directors' decision making</p> <p>(3) Composition and structure of the board of directors</p> <p>(4) Election and continuing education of the directors</p> <p>(5) Internal control</p> <p>Evaluation result for the year: Excellent (4.8 out of 5)</p> <p>Rating scale: 4 = Excellent; 5 = Outstanding</p> <ul style="list-style-type: none"> ● Operational assessment of the board of directors by self-assessment is conducted by the Finance and Accounting Department 	No differences with Article 37 of Corporate Governance Best Practice Principles.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<ul style="list-style-type: none"> ● The Company has currently established an Audit Committee and a Remuneration Committee. It is recommended to evaluate the addition of other committees such as a Risk Management Committee or a Sustainability Committee. ● The Company should continue succession planning for mid- to senior-level management by offering diverse training and development programs to assist potential successors and board members in performing their duties and complying with laws and regulations, thereby enhancing their competencies. ● According to the Company’s Rules of Procedure for Board Meetings, meetings shall be convened with a notice specifying the agenda at least 7 days in advance. It is recommended to provide the notice earlier than the statutory requirement (e.g., 10 days in advance), to allow sufficient time for board members to review and refine proposals, thereby enhancing the efficiency and effectiveness of board operations. <p>2. <Members of the board of directors> The six major assessment dimensions of self-assessment’s performance evaluation with a total of 23 measurement items</p> <p>(1) Mastery of company's objectives and tasks</p> <p>(2) Awareness of the duties and responsibilities of directors</p> <p>(3) Participation in the Company's operations</p> <p>(4) Management of internal relationships and communication</p> <p>(5) The director's professionalism and continuing education</p> <p>(6) Internal control</p> <p>Evaluation result for the year: Excellent (4.81 out of 5)</p> <p>Rating scale: 4 = Excellent; 5 = Outstanding</p> <ul style="list-style-type: none"> ● The assessment is conducted by the Finance and Accounting Department, utilizing a questionnaire approach. It is self-assessed by board members. 9 questionnaires were expected to be received, and 9 were received. ● Ensure that directors allocate sufficient time and attention to board-related matters. ● The performance evaluation results of members of board of directors will serve as a reference for nominating directors and determining their individual compensation. 	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>3. <Remuneration Committee> The four major assessment dimensions of performance evaluation with a total of 20 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Remuneration Committee</p> <p>(3) Improvement in the decision-making quality of the Remuneration Committee</p> <p>(4) Composition of the Compensation Committee and selection of its members</p> <p>Evaluation result for the year: Excellent (4.98 out of 5)</p> <p>Rating scale: 4 = Excellent; 5 = Outstanding</p> <ul style="list-style-type: none"> ● The evaluation is conducted by the responsible unit - Human Resources Department responsible for scoring, using an online questionnaire. All three committee members conducted self-assessments, with 3 questionnaires distributed and all 3 completed and returned. ● The performance evaluation result of the Remuneration Committee members will be used as a reference for nominating directors and determining their individual compensation. <p>4. <Audit Committee> The five major assessment dimensions of performance evaluation with a total of 22 measurement items</p> <p>(1) Participation in the Company's operations</p> <p>(2) Understanding of the responsibilities of the Audit Committee</p> <p>(3) Improvement in the decision-making quality of the Audit Committee</p> <p>(4) Composition of the Audit Committee and selection of its members</p> <p>(5) Internal control</p> <p>Evaluation result for the year: Excellent (4.88 out of 5)</p> <p>Rating scale: 4 = Excellent; 5 = Outstanding</p> <ul style="list-style-type: none"> ● The evaluation was conducted via online questionnaires, completed independently by the independent directors. A total of three questionnaires were expected and all three were received. ● The Company provides a thorough evaluation process for all major investment decisions, with responsible 	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>personnel attending meetings to provide explanations.</p> <ul style="list-style-type: none"> ● To ensure objective and professional recommendations are submitted to the Board for discussion, independent directors may communicate and consult with the Company in advance when necessary, and the Company is able to provide comprehensive explanations. ● The performance evaluation results of the Audit Committee members will be used as a reference for nominating directors and determining their individual compensation. <p>5. External evaluation of the board of directors: Taiwan Corporate Governance Association</p> <p>Assessment time: 1 September 2022 to 31 August 2023</p> <p>Assessment content: In accordance with the composition, guidance, authorization, supervision, communication, internal control, risk management, self-discipline of the board of directors, and other eight aspects such as board meetings and support systems, etc., the effectiveness of the board of directors is assessed through open-ended questionnaires and video interviews with relevant members.</p> <p>Assessment Results:</p> <ul style="list-style-type: none"> ● Overall assessment of the institution <p>(1) The chairman of your company respects the diverse expertise of the directors. Significant board meeting agendas are thoroughly discussed, and consensus is reached before the meetings. Communication with board members is smooth, facilitating effective leadership and governance. Independent directors demonstrate professionalism and extensive experience, actively expressing their opinions at the board meetings and engaging positively with the management team and providing consultation and guidance.</p> <p>(2) Your company places emphasis on the trends of sustainable development. Since 2014, it has been preparing Corporate Social Responsibility (CSR) reports. In 2023, it renamed the “CSR Office” and “CSR Committee” to “Sustainable Development Office” and “Sustainable Development Committee”, respectively. It has advanced the schedule outlined in the Financial Supervisory Commission's “Sustainable Development Roadmap for Listed Companies”, initiating greenhouse gas inventories and verifications ahead of schedule. The progress on ESG-related matters is regularly reported to the board of directors to demonstrate your company's</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>effort in promoting ESG issues.</p> <p>(3) Your company conducts regular annual discussions starting from July each year, involving the Strategic Development Department and unit managers, to formulate future operational policies, outline strategic maps, and establish short, medium, and long-term goals and strategies that can be implemented. The business plan policy is announced in October. Reporting to the board of directors at the end of each year facilitates board members’ understanding of the overall strategic direction of the Company.</p> <p>(4) Your company has established a “Risk Management Committee” under the jurisdiction of the general manager in accordance with actual operational needs. This committee is responsible for supervising risk management policies and frameworks, conducting an inventory of the Company's overall operational policies, identifying potential impacts on operations and profitability, initiating various risk projects for risk assessment, reviewing various risk management mechanisms, and implementing response measures for risk loss events, etc. Additionally, preliminary considerations for addressing recent emerging risks (such as climate change and geopolitical risks) have been incorporated into the strategic planning. Regular reporting of the risk management situation to the board of directors demonstrates your company's commitment to implementing risk and crisis management effectively.</p> <ul style="list-style-type: none"> ● Suggestions <p>(1) Your company currently has 10 directors (including 3 independent directors and 2 seats of independent directors have served three terms. It is recommended that your company consider best practices in corporate governance. For the composition of the next board of directors, factors such as the tenure of independent directors, the proportion of seats, and gender diversity should be taken into account to enhance the diversity and independence of the overall board of directors.</p> <p>(2) Your company places emphasis on sustainable operations and development. Currently, it has established a “Sustainable Development Committee”, with the chairman serving as the steering committee. To deepen and systematically implement the vision of corporate sustainable development, it is suggested that your company consider elevating the “Sustainable Development Committee” to the functional committee</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
(IV) Does the Company regularly evaluate the independence of CPAs?	Y		<p>level of the board of directors. This committee would be responsible for coordinating corporate social responsibility, supervising the direction of sustainable development, and implementing specific action plans. This elevation would enhance the communication and execution efficiency of strategies and actions related to corporate sustainability and social responsibility across your company's various units.</p> <p>(3) Your company has formulated executive compensation indicators, which have been discussed by the Compensation Committee and approved by the board of directors. It is recommended that your company gradually incorporate key ESG performance into the executive compensation indicators, in alignment with future ESG initiatives and work, to facilitate the Company's future sustainable operations and development.</p> <ul style="list-style-type: none"> ● Suggestions and improvement in implementation status of the Taiwan Corporate Governance Association <p>(1) Increasing a female director in 2024: Considering factors such as the tenure of independent directors, proportion of seats, and gender diversity, to enhance the overall diversity and independence of the board of directors.</p> <p>(2) Incorporating ESG performance into the KPI targets of executives in 2024: In alignment with ESG initiatives, integrating key ESG performance into the executive compensation indicators to facilitate the Company's future sustainable operation and development.</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			base system, an audit collaboration platform, digital analysis tools, and digital audit methodology support, to enhance audit quality, including a strong focus on professionalism by delivering high-quality services through a skilled team, maintaining globally consistent quality control systems with sufficient resource investment, ensuring independence through reinforced measures, strengthening supervision by learning from internal and external inspections with thorough root cause analysis, and driving innovation through continuous development of audit technologies and talent investment to uphold its commitment to excellence. The most recent evaluation result was discussed and approved by the Audit Committee on 8 March 2024 and 7 March 2025, and was submitted to and approved by the board of directors on the same day. Please refer to Note 3 for the independence and suitability evaluation criteria for CPA.	
IV. Does the Company deploys qualified and appropriate number of corporate governance personnel and appoint personnel responsible for corporate governance matters (including but not limit to providing information for directors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, assisting directors and supervisors to follow laws, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		<p>The Company sets up the Investor Relations Division as a corporate governance secondary unit. On 3 March 2021, the board of directors of the Company resolved to appoint Finance & Accounting department assistant general manager TZU-HO CHUANG, as the dedicated officer (supervisor) in corporate governance, who is a qualified CPA, and meets the requirements under Article 3-1 of “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”. The main duties of corporate governance officers and units are to provide information for directors to perform their functions, help directors and supervisors comply with laws and regulations, handling work related to board meetings and the shareholders' meetings.</p> <p>The tasks undertaken in 2024 are as follows:</p> <ol style="list-style-type: none"> 1. Assisting independent directors and general directors in performing their duties, providing required information and arranging training for directors. <ol style="list-style-type: none"> a. Providing board members with the latest laws and regulations regarding the Company's business areas and corporate governance-related amendments and updating them regularly. b. Assisting the independent directors and general directors to formulate annual refresher plans and arrange courses according to the Company's industrial characteristics and directors' academic and experience background. 2. Assisting with the legal procedures and compliance of the board meetings and shareholders' meetings. <ol style="list-style-type: none"> a. Report to the board of directors, independent director, audit 	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons																
	Yes	No	Summary																	
			<p>committee or supervisor the Company's corporate governance operation status and confirm whether the Company’s board meetings and shareholders’ meetings are in compliance with relevant laws and rule of corporate governance.</p> <p>b. To assist and remind directors the legal compliance requirements when they perform business or formal resolution and make a suggestion when the board of directors will make an illegal resolution.</p> <p>c. After the meeting, check the release of material information of the board of directors’ important resolution and confirm the legality and correctness of material information’s content.</p> <p>3. Formulating the agenda of the board meeting and notifying the directors 7 days prior to the meeting date. Convening a meeting and providing documents. Reminding meeting members of potential conflict of interest issues in advance if they have to recuse themselves from the meeting. The board meeting minutes should be completed within 20 days after the meeting.</p> <p>4. Registering in advance the date of the shareholders' meeting as required by relevant law. Producing meeting notice, manual and minutes within the statutory period. Registering for amendments to the Articles of Incorporation or results of the election of directors.</p> <p>5. The situation of the Company corporate governance executive training in 2024 are as follows:</p> <table><tr><th>Date</th><th>Unit</th><th>Name</th><th>Hours</th></tr><tr><td>21 June 2024</td><td>Geopolitical Impacts: Opportunities and Challenges in Taiwan’s Industrial Transformation - Exclusive PMI and NMI Insights</td><td>Securities& Futures Institute</td><td>3</td></tr><tr><td>24 June 2024-25 June 2024</td><td>Corporate ESG: Legal Interpretation of Environmental, Social, and Governance Issues Through Judicial Cases</td><td>Accounting Research and Development Foundation</td><td>3</td></tr><tr><td>20 September 2024</td><td>2024 Insider Trading Prevention</td><td>Securities& Futures Institute</td><td>3</td></tr></table>	Date	Unit	Name	Hours	21 June 2024	Geopolitical Impacts: Opportunities and Challenges in Taiwan’s Industrial Transformation - Exclusive PMI and NMI Insights	Securities& Futures Institute	3	24 June 2024-25 June 2024	Corporate ESG: Legal Interpretation of Environmental, Social, and Governance Issues Through Judicial Cases	Accounting Research and Development Foundation	3	20 September 2024	2024 Insider Trading Prevention	Securities& Futures Institute	3	
Date	Unit	Name	Hours																	
21 June 2024	Geopolitical Impacts: Opportunities and Challenges in Taiwan’s Industrial Transformation - Exclusive PMI and NMI Insights	Securities& Futures Institute	3																	
24 June 2024-25 June 2024	Corporate ESG: Legal Interpretation of Environmental, Social, and Governance Issues Through Judicial Cases	Accounting Research and Development Foundation	3																	
20 September 2024	2024 Insider Trading Prevention	Securities& Futures Institute	3																	

Evaluation Item	Implementation Status (Note 1)						Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Summary				
				Advocacy Conference			
			8 November 2024	Insider Trading and Corporate Governance	Securities& Futures Institute	3	
			Total (hours)				12
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company has established a communication channel with stakeholders and set up a stakeholder zone on the Company's website to respond appropriately to important CSR issues that stakeholders concern about. The communication channel is as follows: 1. The Company’s switchboard 04-2278-5177#9 2. Spokesman TZU-HO CHUANG Assistant general manager 04-2278-5177#182 spokesman@zenghsing.com.tw 3. Deputy spokesman JUN-SHEN ZHOU Vice- general manager 04-2278-5177#885 Sam_chou@zenghsing.com.tw 4. Business customer service JIA-YING LIN manager 04-2278-5177#151 sales@zenghsing.com.tw 5. ESGO SHAN-MEI ZENG assistant manager 04-2278-5177#589 csr@zenghsing.com.tw 6. Management Department, SIOU-FONG WAN assistant manager 04-2278-5177#255 kelly_wan@zenghsing.com.tw				No Discrepancy.
VI.Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company appointed the Stock Agent Department of SinoPac Securities Co., Ltd. as the Company's stock agency to handle the related matters of the shareholders' meeting.				No Discrepancy.
VII. Information Disclosure (I) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The Company has disclosed related financial business and corporate governance information on TWSE and the Company's website.				No Discrepancy.
(II) Does the Company have other information disclosure channels (e.g. building an English website, appointing	V		(II) The Company assigns a dedicated employee to be responsible for the collection and disclosure of company information and designates someone who has a full understanding of the Company's finances, business or can coordinate the departments to provide related information as the Company spokesperson and deputy spokesperson that speak on behalf of the Company to ensure the information that may affect the decisions of shareholders and				No Discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
<p>designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</p> <p>(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?</p>	V		<p>stakeholders is disclosed appropriately and timely. In the future, if an investor conference is held, the related information will also be uploaded to TWSE and the Company's website for investors' reference.</p> <p>(III) The Company's 2024 annual financial report was published on 7 March 2025. It did not publish and report the annual financial report within two months after the end of the fiscal year. The financial reports for the first, second, and third quarters have been published and reported its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline.</p>	No Discrepancy.
VIII. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and	V		<p>(I) Employee rights and employee wellness</p> <p>The Company employs employees without gender or racial discrimination. The Company considers whether the person has the professional knowledge and skills required and provides fair opportunities for applicants. In order to provide employees with a comfortable and safe working environment, the Company attaches importance to pre-employment training for employees, including workplace safety courses. In addition, the Company arranges a health check for all employees every year to fully understand the health of employees and reduce occupational injuries.</p> <p>The Company implements employee welfare measures in accordance with the Labor Standards Act and relevant regulations. It also sets up an employee welfare committee, which provides subsidies for employees' weddings, funerals, illnesses and births, and holds various outings and community activities regularly to promote employees' physical and mental health and enhance the bonding among employees. The committee also implements employees' annual surplus earnings distribution and festival bonuses, which fully reflect the management philosophy of "striving for wellbeing".</p> <p>In order to secure employees' life after retirement, the Company has</p>	No Discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
purchasing insurance for directors)?			<p>an employee retirement policy. The policy provides that 6% of the total salary paid must be appropriated to a pension reserves fund and deposited in the dedicated account of the Supervisory Committee of Workers' Retirement Preparation Fund. After Labor Pension Act became effective on 1 July 2005, the Company appropriates 6% of employee salary to the labor pension reserve fund each month and deposits the fund into individual labor pension accounts for employees covered by the Act. The purpose is to provide employees maximum security for retirement.</p> <p>Labor Standards Act is applicable to the Company, and all operations must comply with the act. In order to promote labor-management cooperation and improve work efficiency, the Company regularly convenes labor-management meetings in accordance with Regulations for Implementing Labor-Management Meeting to communicate and cooperate with employees. In addition, the Company emphasizes talent training and encourages employees to participate in various internal and external training courses. The internal training courses aim at the internal professional technology exchange to improve employee productivity; the external training courses provide professional training opportunities for employees, and employees are appointed to participate in these courses when needed.</p> <p>(II) Investor relations</p> <p>The Company treats all shareholders with fairness and openness. The shareholders' meeting is held every year and a notice to convene a shareholders' meeting is given to each shareholder in accordance with the Company Act and relevant laws and regulations. The Company submits reports to the shareholders' meeting when making major financial and business decisions, such as acquiring or transferring assets and endorsement or guarantees.</p> <p>The Company not only gives shareholders the opportunity to ask questions or propose for discussion at shareholders' meetings but also sets up the regulation of shareholders' meeting proceedings in accordance with the law, which provides that the Company has to properly keep the meetings minutes and fully disclose related information on TWSE. In addition, the Company sends meeting notices and annual reports to shareholders before the annual shareholders' meeting, as well as setting up a spokesperson and deputy spokesperson as a channel for the Company to communicate with shareholders, investors and stakeholders, in order to ensure the right of shareholders to be fully aware of the major issues of the Company.</p> <p>Based on the principle of information disclosure, the Company establishes online reporting system of public information, appointed financial department personnel to be responsible for the collection and disclosure of company information, and handle related information announcement reporting matters in accordance with the principle of information disclosure, “List concerning what information public companies should announce to the public or report to the FSC” and “Taiwan Stock Exchange Corporation Rules Governing Information Filing by Companies with TWSE Listed</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>Securities and Offshore Fund Institutions with TWSE Listed Offshore Exchange-Traded Funds”. After being reviewed and confirmed by the competent authority and responsible officer, the Company will proceed with related information announcements and declarations and provide timely information that may affect investors' decision-making. In addition, the Company sets up a company website to introduce the products and the scope of business for the public to understand the Company.</p> <p>(III) Supplier relations The Company has been deeply engaged in the field of sewing machine products for decades. Due to the long-term relationship with upstream key component suppliers, the Company has formed a stable and close production and marketing partnership with upstream key raw material suppliers. The Company also sends staff to help suppliers to improve their product quality and upgrade technology. In recent years, the supplier association has been held annually to strengthen interaction with third parties and enhance cooperation.</p> <p>(IV) Rights of stakeholders While pursuing company growth, the Company also considers stakeholders' opinions and suggestions. In order to achieve effective communication with stakeholders, the Company adopts different communication methods. Within the organization, the Company announces employee-related pay and benefits, environmental safety and health, and company policies through various office meetings or factory weekly meetings. So, employees will understand their rights and interests. In addition, the Company also has an employee welfare committee to improve benefits for employees. Outside the organization, upstream suppliers can learn about relevant laws and regulations of products through supplier assembly; downstream customers often learn about the status of the Company and products through customer service mailbox/telephone/dealer conference; other stakeholders such as investors/banks/government agencies, etc. can check the latest information through the official website of the Company, television interviews, and magazine reports, etc.</p> <p>(V) Directors', managers', and corporate governance executive's training records in 2024 Please refer to pages 127-128 of this annual report for a description of the training of directors, managers, and corporate governance executive.</p> <p>(VI) The implementation of risk management policies and risk evaluation measures In order to strengthen corporate governance and establish sound risk management operations, the Company analyzes and responds to high-probability and high-impact risk events related to operating objectives, correctness of financial reporting and fraud prevention</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies” and Reasons																								
	Yes	No	Summary																									
			<p>in operations, and records, keeps tracks of and systematically manages by the Company’s risk management system.</p> <p>Operational status of risk management policy</p> <p>The Company has been actively promoting the implementation of its risk management mechanism, holding regular meetings of the risk management, and reporting to the board of directors once a year. The operational highlight status for 2024 are as follows:</p> <p>1. Risk Management Meeting Convened</p> <p>The meetings were held on 30 May, 28 November, and the execution status of risk management was reported to the board of directors on 24 December.</p> <p>2. Education and Training - Enhancing Risk Awareness</p> <p>An online training course was arranged in July 2024. A total of 255 participants were required to attend, and all 255 completed the training.</p> <p>3. Identification and response to significant risks</p> <p>The departments identify various significant risk items, submit corresponding measures to the risk management team for supervision, and regularly execute and respond to risks in accordance with the plan.</p> <p>4. The execution status of required risk drills:</p> <table><tr><th>Department</th><th>Drill topic</th><th>Drill theme</th><th>Completion</th></tr><tr><td>Quality assurance department</td><td>Quality risk</td><td>Restricted substances exceeding limit</td><td>21 November</td></tr><tr><td rowspan="2">IT department</td><td rowspan="2">Information security risk</td><td>Damage to OA System</td><td>25 April</td></tr><tr><td>Abnormalities in ERP system</td><td>6 December</td></tr><tr><td>Zhangjiagang plant</td><td>Firefighting and accident</td><td>Fire evacuation drill</td><td>14 June</td></tr><tr><td rowspan="2">Taiwan plant</td><td rowspan="2">Firefighting and accident</td><td>Comprehensive fire emergency response drill</td><td>28 June</td></tr><tr><td>Comprehensive fire emergency response drill - Chemical Spill</td><td>30 December</td></tr></table>	Department	Drill topic	Drill theme	Completion	Quality assurance department	Quality risk	Restricted substances exceeding limit	21 November	IT department	Information security risk	Damage to OA System	25 April	Abnormalities in ERP system	6 December	Zhangjiagang plant	Firefighting and accident	Fire evacuation drill	14 June	Taiwan plant	Firefighting and accident	Comprehensive fire emergency response drill	28 June	Comprehensive fire emergency response drill - Chemical Spill	30 December	
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Evaluation Item	Implementation Status (Note 1)						Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons		
	Yes	No	Summary						
				Zeng Hsing Industrial plant in Vietnam	Firefighting and accident	Evacuation	26 June 30 December		
				Shinco Technologies plant in Vietnam	Firefighting and accident	Emergency evacuation and first aid drill	13 August		
			<p>(VII) Execution status of customer policies The Company has maintained stable and good relationships with its customers and uphold a quality policy of "customer satisfaction, quality first, continuous improvement, and sustainable management." The Company provides high-quality products that meet customer needs and offer great value for their money, in order to create profits for the Company.</p> <p>(VIII) Purchasing insurance for directors The Company has passed the resolution of the regular shareholders’ meeting on 13 June 2007 to include the purchase of directors’ and supervisors’ liability insurance into the Company’s Articles of Incorporation and began annually covering the directors’ liability insurance from 1 February 2010. On 1 February 2025, the director and supervisor liability insurance were renewed.</p> <p>(IX) Professional qualification of personnel related to financial information transparency Certified Internal Auditor: 2 people Certificate of competency for stock personnel: 2 people R.O.C. CPA: 2 persons</p> <p>(X) Regular Employee Satisfaction Surveys and Disclosure of Implementation and Improvement Plans Creating a reassuring work environment is the foundation for sustainable corporate growth. To better understand employees' experiences and needs, the Human Resources Department regularly conducts Employee Satisfaction Surveys, using the results as a key reference for management enhancement and workplace optimization. In 2023, we partnered with the external recruitment platform “104 Job Bank” to complete a company-wide employee satisfaction survey. The valid response rate reached 78%, and the overall satisfaction score was 4.14. Survey Target: All employees Survey Topics: Supervisors, colleagues, compensation, work, development, corporate culture, and sustainability Number of Respondents: 214</p>						

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>Coverage Rate: 78%</p> <p>Conducted by: Human Resources Department</p> <p>Survey Frequency: Every two years</p> <p>Survey Period: 4 October to 16 October 2023</p> <p>Overall Satisfaction Score: 4.14 (lowest: 3.73, highest: 4.67)</p> <p>The survey covered seven key aspects: supervisors, colleagues, compensation, work, development, corporate culture, and sustainability. A 78% valid response rate reflected employees' strong willingness to engage with the company's operations.</p> <p>The result, an overall satisfaction score of 4.14, demonstrates employees' high level of identification with the company's work environment and culture.</p> <p>Of particular note, in the sustainability dimension, our performance surpassed industry averages across all three ESG indicators: corporate governance, social responsibility, and environmental protection. This not only underscores our commitment to ESG but also enhances our positive image among investors and the broader community.</p> <p>Improvement Actions: From Survey to Implementation — 2024 Enhancement Plan</p> <p>Based on the survey analysis, we identified strengths and areas for growth. In 2024, we will focus on four key areas, corporate culture, employee development, work environment, and leadership, to implement the following concrete actions, ensuring continued improvement in employee satisfaction and the creation of long-term corporate value:</p> <p>1. Corporate Culture: Creating a Positive Work Atmosphere</p> <p>1-1. Promote positive thinking and continuous improvement as part of a proactive culture.</p> <p>1-2. Host regular sessions for new hires, new managers, and promoted employees.</p> <p>1-3. Organize quarterly morning meetings to foster cross-departmental communication.</p> <p>1-4. Establish an Employee Assistance Platform (EAPs) for mental health and workplace support.</p> <p>2. Employee Development: Building a Learning Organization</p> <p>2-1. Develop hybrid learning platforms and competency-based training courses.</p> <p>2-2. Implement diverse training mechanisms, including on-the-job training, mentorship, skill certification, and job rotation.</p> <p>2-3. Establish a comprehensive training and development system; recognized with the TTQS Gold Award by the Ministry of Labor in 2024.</p> <p>3. Work Environment and Processes: Improving Efficiency and Quality</p> <p>3-1. Promote Business Process Reengineering (BPR) and introduce continuous improvement tools.</p> <p>3-2. Strengthen departmental collaboration and operational standards to enhance efficiency.</p> <p>3-3. Organize internal workshops and external competitions</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Corporate Governance Best- Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
			<p>focused on improving quality, efficiency, processes, ESG, and digital transformation.</p> <p>4. Leadership Development: Enhancing Communication and Management Skills</p> <p>4-1. Improve feedback mechanisms, employee motivation, and communication techniques for managers.</p> <p>4-2. Promote the use of statistical and scientific tools to enhance managerial problem-solving and adaptability.</p> <p>We firmly believe that employees are the company’s most valuable asset. Moving forward, we will continue to strengthen our survey systems, listen to employee voices, and create an increasingly attractive and competitive workplace.</p> <p>(XI) Establishment of Personal Data Protection Policy and Disclosure of Its Implementation</p> <p>The Company complies with the “Personal Data Protection Management Policy” and has implemented stringent measures for the management and protection of personal data and privacy. A data governance framework has been established, including the formulation of data standards and classification levels, enforcement of access control mechanisms, and a verification process by designated data owners to ensure the proper governance and protection of data access and sharing. This framework ensures the availability, integrity, and confidentiality of data. The scope of application covers the Company’s headquarters in Taiwan, its subsidiary in Vietnam, customers, and suppliers.</p> <p>In the course of business operations, all collection, processing, utilization, and protection of personal data are conducted in compliance with relevant government laws and regulations. The use of personal data is strictly within the bounds permitted by law. The Company does not disclose, rent, or otherwise provide personal data to third parties in any disguised form. All related procedures are carried out in accordance with internal policies, with a strong commitment to safeguarding data security and protecting privacy rights.</p> <p>In 2024, the Company had not yet conducted any employee training related to personal data protection.</p> <p>In 2025, the Company has revised the “Personal Data Protection Management Policy” and plans to incorporate personal data protection training into new employee onboarding as well as company-wide training for all employees.</p>	

IX. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.		
Number	Indicators	Improvements and measures
2.14	Does the company establish functional committees, such as a nomination committee, risk management committee, or sustainable development committee, beyond those required by law, with at least three members, a majority of whom are independent directors, and at least one member possessing the professional expertise required by the committee, and disclose their composition, duties, and operations?	The company plans to establish a functional Sustainable Development Committee in 2025. More than half of its members will be independent directors, and at least one member will possess the required professional expertise. The committee will commence its operations accordingly.
4.23	Does the company disclose its policy linking the remuneration of senior executives to ESG-related performance evaluations?	The company formulated a policy in 2024 to link senior executive remuneration to ESG-related performance evaluations, which will be implemented in 2025.
4.24	Does the company submit its sustainability report to the Board of Directors for approval?	Starting in 2025, the sustainability report will be submitted to the Board of Directors for approval.
4.7	Does the company upload the English version of its sustainability report to the Market Observation Post System (MOPS) and its official website?	The English version of the 2024 sustainability report is expected to be uploaded to the Market Observation Post System (MOPS) and the company's website by the end of 2025.

Note.1: Regardless of whether the evaluation item is achieved or not, the Company shall state an appropriate explanation.

Note.2: A self-evaluation report is defined as the Company assessing its corporate governance evaluation items with appropriate explanations on current corporate operations and implementation.

Note.3: Independence and suitability evaluation criteria of CPAs

The independence criteria are as follows:

Evaluation item		Evaluation Results	Passed Independence Assessment
1	Whether the CPA has direct or indirect major financial stake in the Company.	No	Yes
2	Whether the CPA is involved in any financing or financial guarantee agreements involving the Company or Corporation directors.	No	Yes
3	Whether the CPA have any close business relationship or potential employment relationship with the Company.	No	Yes
4	Whether the CPA and members of the audit team hold shares in the Company.	No	Yes

5	Whether non-audit services provided by CPA to the Company have direct impact on the major items of audit services provided.	No	Yes
6	Whether the CPA sell shares or other securities issued by the Company.	No	Yes
7	Whether the CPA is representing the Company in litigation of a third party or other disputes.	No	Yes
8	Whether the CPA has familial relationships with directors, managers, or people in positions that has major impact on Corporation audits at the Company.	No	Yes
9	Whether the CPA has be appointment for audit services remained unchanged for 7 years.	No	Yes

The suitability criteria are as follows:

Evaluation item		Evaluation Results	Passed Independence Assessment
1	The formal financial statements for the first three quarters shall be completed within 45 days after the end of each quarter, or the annual financial statement shall be completed within three months after the end of the year. (Formal financial statements)	Yes	Yes
2	Whether the CPA engaged in appropriate interaction with the Audit Committee or independent directors and documented it before the audit planning and issuance of the audit opinion.	Yes	Yes
3	Whether the CPA provided constructive suggestions regarding the Company's systems and internal controls during the audit and documented them.	Yes	Yes
4	The annual tax filing and declaration form shall be completed by the end of May of the subsequent year.	Yes	Yes
5	Provide corporate tax consultation.	Yes	Yes
6	Offer tax compliance issue resolution.	Yes	Yes
7	Regularly provide proactive updates to the Company on tax regulations and securities laws, as well as updates and amendments to IFRS.	Yes	Yes
8	Communication and response to inquiries.	Yes	Yes
9	Assist in communication and coordination with competent authorities.	Yes	Yes

(4) Composition, Responsibilities and Operations of the Remuneration Committee

A. Remuneration Committee Member Information

Title/Name (Note 1)	Criteria	Professional Qualifications and Experience (Note 2)	Independent Status (Note 3)	Number of Other Public Companies in Which the Individual is Concurrently Serving as a members of the remuneration committees
Independent Director (Convenor)	JUN-MING HSU (Resigned on 21 June 2024)	<ul style="list-style-type: none"> ● Possess at least 5 years of working experience as a professor of finance at a public university with professional qualifications, operational judgment, international market leadership and decision-making ability, specializing in financial and accounting planning professional matters, assisting companies in financial professional consulting and providing professional advice on the future development of the Company. ● Experience: Professor of the Department of Finance of National Chung Hsing University, Independent Director / Member of Remuneration Committee / Member of Audit Committee of Calin Technology Co., Ltd., Independent Director/Convenor of the Compensation and Remuneration Committee/Member of the Audit Committee of Zeng Hsing Industrial Co., Ltd., Independent Director / Member of Remuneration Committee / Member of Audit Committee of SHINE TREND International Multimedia Technology CO., LTD. <input type="checkbox"/> ● Not been a person of any conditions defined in Article 30 of the Company Act. 	<p>None of the following has occurred in the two years prior to the election or during the term of office:</p> <ol style="list-style-type: none"> 1. An employee of the Company or any of its affiliates. 2. A director or supervisor of the Company's affiliates. 3. Not a natural person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of over 1% of the total number of outstanding shares of the Company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the managers listed in the first paragraph or the persons listed in the preceding two paragraphs. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the Company under Paragraphs 1 or 2, Article 27 of the Company Act. 6. More than half of the 	2 (Note 5)

Independent Director	MING-LIANG TARNG (Resigned on 21 June 2024)	<ul style="list-style-type: none"> ● Possess at least 5 years of working experience in accounting and passed the national examinations required for accountants, business judgment, industry knowledge, leadership and decision-making ability. ● Experience: Accountant and partner of Sunshine Accounting Firm, Member of Remuneration Committee/Independent director/Member of Audit Committee of Zeng Hsing Industrial Co., Ltd. /Independent director/ Member of Audit Committee/Member of Remuneration Committee of Lagis Enterprise Co., Ltd. <ul style="list-style-type: none"> ● Not been a person of any conditions defined in Article 30 of the Company Act. 	<p>directors' seats or voting shares of the Company and other companies are controlled by the same person, the director, supervisor or employee of the other company.</p> <p>7. A chairman, general manager or equivalent position of the Company and other companies or institutions are the same person or spouse, and the directors, supervisors or employees of other companies or institutions.</p> <p>8. A director, supervisor, manager or shareholder holding of a certain company or institution who has financial or business dealings with the Company or who holds 5% or more of the total number of outstanding shares of the Company.</p> <p>9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the</p>	1 (Note 6)
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Independent Director	YOUNG-YAW PAI (Re-elected on 21 June 2024)	<ul style="list-style-type: none"> ● At least 5 years of work experience in business, finance, accounting, corporate business, and specialized in process improvement of critical components in precision machinery, and enhancement of product accuracy and quality. ● Experience: Chairman of Precision Motion Industries, Inc./ Corporate representative director (chairman) of Chensu Plastics Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Chanson Metal Profiling Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Millennium Vee Hotel Taichung (Representative director: Apex Dynamics, Inc.)/ Corporate representative director of Yun Tan Technologies Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of Exfiro Co., Ltd. (Representative director: Precision Motion Industries, Inc.)/ Corporate representative director of UNION MECHATRONIC INC. (Representative director: Precision Motion Industries, Inc.)/ Chairman, Yuanzhou Co., Ltd. / Independent director and Member of Remuneration Committee and Audit Committee of the Company ● Not been a person of any conditions defined in Article 30 of the Company Act. 	<p>Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Company Act or to the Business Mergers and Acquisitions Act or relevant laws or regulations.</p> <p>10. Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company</p> <p>11. Not been a person of any conditions defined in Article 30 of the Company Act</p> <p>12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.</p>	0
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Independent Director	YUNG-SHENG HSU (Newly appointed on 21 June 2024)	<ul style="list-style-type: none"> ● Possesses over five years of professional qualifications as a professor in the Department of Accounting and the Department of Information Management at public universities, with proven experience in operational decision-making, international market perspective, leadership, and decision-making capabilities. Specializes in financial and accounting planning, providing the Company with professional financial advisory services and strategic recommendations for future development. ● Experience: Professor, Department of Finance, National Chung Hsing University, Independent Director / Member of the Remuneration Committee / Member of the Audit Committee, CHIP HOPE CO., LTD., Independent Director / Member of the Remuneration Committee / Member of the Audit Committee / Member of the Risk Management Committee, ADIMMUNE CORPORATION, Corporate Director of IDEAL BIKE CORPORATION (Representative of GUOLING INVESTMENT CO., LTD.), Independent Director / Convener of the Remuneration Committee / Member of the Audit Committee, the Company 	2
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Independent Director	HUI-YU HUANG (Newly appointed on 21 June 2024)	<ul style="list-style-type: none"> ● Possesses over five years of accounting experience and has passed the national CPA qualification examination, holding a valid certificate. Demonstrates sound operational judgment, industry knowledge, leadership, and decision-making capabilities. ● Experience: CPA, Yangtze CPAs and Co., Supervisor, Hungkuang University, Member of the Remuneration Committee / Independent Director / Member of the Audit Committee, the Company 	0
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Note 1. Please specify the relevant years of service, professional qualifications and experience, and independence of each member of the Remuneration Committee in the form. If they are independent directors, please refer to the directors and supervisor's information (1) on page 00. Please fill in the series as independent directors or others, respectively (if such person is the convener, please add a note).

Note 2. Professional qualifications and experience: Specify each member's professional qualifications and experience of the Remuneration Committee.

Note 3. Members of the Remuneration Committee should state their independence, including but not limited to whether they, their spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliated companies; The number and proportion of the Company's shares held by relatives (or in the name of others); Whether to serve as a director, supervisor or employee of a company that has a specific relationship with the Company (refer to Subparagraphs 5 to 8, Paragraph 1, Article 6, of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter"); The amount of remuneration received for providing business, legal, financial, accounting and other services to the Company or its affiliates in the last two years.

Note 4. Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

Note 5. Independent Director JUN-MING HSU resigned on 21 June 2024. Before resignation, he concurrently served as a member of the Remuneration Committee in 2 other public companies.

Note 6. Independent Director Ming-Liang Tarng resigned on June 21, 2024. Before resignation, he concurrently served as a member of the Remuneration Committee in 1 other public company.

B. Information on the operation of the Remuneration Committee.

(A) Review remuneration regularly.

The function of the Remuneration Committee of the Company is to be professional and objective, to evaluate the remuneration policies and systems of directors and managers of the Company at least 2 times a year, and to request the meeting to submit proposals to the board of directors for their decision-making if in need.

- a. The function of the Remuneration Committee of the Company
 - (a) Review remuneration regularly and propose amendments.
 - (b) Determine and regularly check the policies, systems and standards and structure of directors, supervisors and managers for their performance and remuneration.
 - (c) Evaluate remuneration of directors and managers of the Company regularly.

- b. The Remuneration Committee Meetings shall perform functions as follows:
- (a) Payroll management is in line with the Company's remuneration philosophy.
 - (b) Performance assessments and compensation levels of directors and managerial officers shall take into account the general pay levels in the industry, the time spent by the individual, also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure.
 - (c) There shall be no incentive for the directors or managerial officers to pursue compensation by engaging in activities that exceed the Company's risk appetite.
 - (d) For directors and senior managerial officers, the percentage of bonus to be distributed based on their short-term performance and the time for payment of any variable compensation shall be decided with regard to the characteristics of the industry and the nature of the Company's business.
 - (e) No member of the Committee may participate in discussion and voting when the Committee is deciding on that member's individual compensation.
- (B) The Remuneration Committee of the Company is comprised of three members.
- (C) Committee members' tenure of the fifth term: From 20 July 2021 to 19 July 2024
 Committee members' tenure of the sixth term: From 21 June 2024 to 20 July 2027.
 The Remuneration Committee held 2 meetings(A) in 2024, and members' qualifications and their attendance are listed below.

Title	Name	Attendance in Person (B)	Attendance by Proxy	Attendance rate (%) B/A (Note)	Remarks
Independent Director (Convener)	JUN-MING HSU	1	0	100%	Resigned on 21 June 2024
Independent Director	MING-LIANG TARNG	1	0	100%	Resigned on 21 June 2024
Independent Director	YOUNG-YAW PAI	1	1	50%	Re-elected on 21 June 2024
Independent Director (Convener)	YUNG-SHENG HSU	1	0	100%	Newly appointed on 21 June 2024
Independent Director	HUI-YU HUANG	1	0	100%	Newly appointed on 21 June 2024

Notes regarding the Salary and Remuneration Committee:

1. If the Board of Directors does not agree with the recommendations of the Salary and Remuneration Committee, it should state the date of the board meeting, content of discussions and what the final resolution was: None.
2. Should there be objections regarding the decisions made by the Salary and remuneration committee, there should be a record or written statement of the event and there should be a record of the date, content of motion and all opinions of the members: None.

Note:

- (1) In the event any member of the committee resigns before serving a full year, the resignation date should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the actual number of meetings held by the committee and the actual number of attendances by such member.
- (2) If there is a re-election of the members before the end of the year, the outgoing and elected members should be added to the list and indicating whether a member is incumbent, newly-elected or reelected and the reelection date. Their attendance rate (%) should be based on the actual number of meetings held by the committee and the actual number of attendances by such member.

C. Major Resolutions of Remuneration Committee Meetings

Remuneration Committee	Motion and follow-up	Motion and follow-up	Motion and follow-up
8 th meeting of the 5 th term 8 March 2024	Proposal 1: The 2023 director and employee remuneration distribution.	Resolution: After consultation with the chairman, all the members present agreed to pass the case. After the case was passed according to law, the case was submitted to the board of directors for approval and reported at the shareholders' meeting.	All the attending directors unanimously consented to passing the case.
1st Meeting of the 6 th Term 24 December 2024	Proposal 1: Review and approval of the Company's year-end bonus budget for 2024. Proposal 2: Review and approval of the revision to	Resolution: After consultation with the chairman, all the members present agreed to pass the case. After the case was passed according to law, the case was submitted to the board of directors	

Remuneration Committee	Motion and follow-up	Motion and follow-up	Motion and follow-up
	<p>the “Remuneration Management Measures for Directors and Managers” regarding remuneration for independent directors.</p> <p>Proposal 3: Review and approval of the regular assessment of the remuneration of directors and executive directors.</p> <p>Proposal 4: Review and approval of the regular assessment of the remuneration structure and standards for managerial officers.</p> <p>Proposal 5: Review and approval of the remuneration package for the reappointment of Mr. Tung-Liang Liu as a managerial officer.</p>	for approval and reported at the shareholders' meeting.	

(5) The state of the Company's promotion of sustainable development and any discrepancy from “the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reason for any such discrepancy

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Summary	
1. Does the Company set up a full-time (part-time) unit that promote sustainable development, and the board of directors authorizes the senior management to handle it, and reports the handling situation to the board of directors?	V		1.The Company has set up a ESG Committee, which is supervised by the chairman, the general manager serves as the head of the committee, and the senior managers of each department serve as members. The ESG Committee follows the committee's charter and ESG management measures to identify stakeholders and investigate issues of concern to stakeholders. Furthermore, the ESG Committee holds consensus meetings and target review	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>meetings every year to ensure the implementation of management policies for various significant issues and discusses the implementation of ESG -related policies and the formulation of future directions with each department. The ESG Committee reports to the board of directors on the progress of ESG policy implementation every quarter, including the identification of significant ESG issues, development of ESG policies, establishment of ESG goals, and execution effectiveness. The board reviews the reasonableness and implementation of the relevant strategies, confirms whether they conform to the future development trend of the Company, and adjusts or modifies them if necessary. (Please refer to VII. Other important information that helps understand the implementation of ESG development.)</p> <p>2."The ESG Committee" reports to the Board on the progress of sustainable development initiatives. The chair of "The ESG Committee" reports quarterly to the Board on the implementation results and future work plans for sustainable development. In 2024, a total of 4 meetings were held. Agenda items included: (1) Identifying sustainability issues of concern and developing action plans in response; (2) Setting goals and revising policies related to sustainability issues; (3) Monitoring the implementation of sustainable</p>	

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
2. Does the Company conduct risk assessment of environmental, social and corporate governance issues concerning the Company's operations by the materiality principle and formulate relevant risk management policies or strategies? (Note 2)	V		<p>business matters and evaluating performance.</p> <p>3. The Company's board of directors receives regular quarterly reports from the management team (including ESG reports). The executive management must propose company strategies to the board, which must assess the likelihood of success of these strategies. The board must also regularly review the progress of the strategies and urge adjustments to the management team when necessary.</p> <p>1. This disclosure covers the Company's sustainable development performance at its main locations from January 2023 to December 2023. The risk assessment boundary is primarily based on the Company and includes existing locations in Taiwan, mainland China, and Vietnam. Subsidiaries are included in the scope based on their relevance to the core business operations and the impact of significant themes.</p> <p>2. The Sustainable Development Committee conducts analysis based on the materiality principles of the sustainability report, communicates with internal and external stakeholders, and evaluates significant ESG issues by reviewing domestic and international research reports, literature, and integrating assessment data from various departments and subsidiaries. Based on this</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>evaluation, effective risk management policies for identification, measurement, evaluation, monitoring, and control are established, along with concrete action plans to mitigate the impact of related risks.</p> <p>3. Zeng Hsing introduced a materiality analysis in the preparation of the ESG Report, hoping to identify the sustainable issues of interest / interests of stakeholders through a systematic analysis model, as a reference basis for the disclosure of information in the report, to facilitate effective communication with different stakeholders. The major analysis model of Zeng Hsing is divided into five major steps: 1. Identify stakeholders, 2. Collect issues of concern, 3. Engage experts and scholars with ESG expertise to assess Zeng Hsing's positive/negative, actual/potential impact and level of influence on the external ESG environment, and establish the prioritization of significant themes, 4. Determine the boundaries of significant themes, 5. Determine and execute response mechanisms. For more details, please refer to the Stakeholder Communication page on the ESG website.</p>	
<p>3. Environmental issues</p> <p>(1) Does the Company establish an appropriate environmental management system according to its industrial characteristics?</p>	V		<p>(1) The Company's primary manufacturing sites, , Zeng Hsing (VN) and China Zhangjiagang, have both obtained ISO 14001:2015 Environmental Management System certification.</p>	No discrepancy.
<p>(2) Is the Company committed to improving the utilization efficiency of various resources and using recycled materials with low impact on environmental load?</p>		V	<p>(2) The Company complies with the requirements of EU environmental protection regulations, actively promotes the comprehensive control of the use of hazardous substances, ensures that the raw materials provided by the suppliers</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(3) Does the Company assess the potential risks and opportunities of climate change to the Company now and in the future, and take measures to deal with climate-related issues?	V		can meet the relevant regulations, and implements the product greening design to provide consumers with safe products and avoid causing environmental damage. (3) In 2021, we referenced the Task Force on Climate-related Financial Disclosures (TCFD) framework to identify climate change risks and opportunities, assess the frequency and impact of potential risks/opportunities, and produce a matrix of risk/opportunity significance. We have implemented corresponding measures to address these risks and opportunities. This information is disclosed in the Company's CSR Report.	No discrepancy.
(4) Does the Company count greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water use reduction, or other waste management?	V		(4) Greenhouse gas: Since 2016, the Company has introduced the greenhouse gas inventory system ISO 14064-1, and established organizational-level greenhouse gas inventory and verification specifications. The Company has conducted annual greenhouse gas inventories and internal audits and disclose emission levels in its CSR Report. Zeng Hsing (VN) has obtained a third-party verification statement for ISO 14064-1 in 2024. Please refer to the Sustainability Environment page on our ESG website for information on its energy reduction achievements. Water resources and waste: The Company discloses total volume, reduction targets, and related management policies annually in its sustainability report.	No discrepancy.
4. Social issues (1) Has the Company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		(1) The Company acknowledges the international human rights standards such as the United Nations Universal Declaration of Human Rights, United Nations Guiding Principles on Business	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>and Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organization. Through the "Zeng Hsing Human Rights Policy", the Company respects the protection established by the Universal Declaration of Human Rights and discloses it on the Company's website.</p> <p>The Company respects employees' diversity, and recruits' employees based on the principle of equal work pay for equal work without regard to their gender, age, or religion. The Company commits to creating a harmonious and supportive environment in accordance with Labor Standards Act, Act of Gender Equality in Employment, and People with Disabilities Rights Protection Acts.</p> <p>The Company regularly holds labor meetings every quarter to promote a harmonious and prosperous labor-management environment. Also, the Company regularly raises awareness of workers' rights and address issues such as workplace bullying and gender discrimination to foster a friendly workplace environment.</p> <p>The Summary of the Company's human rights management policy and specific plans are as follows:</p> <p><u>1. Taiwan Headquarters</u></p> <p>According to the Taiwan Headquarters Training Management Guidelines, all new employees must complete onboarding training within 10 days of their start date. The training covers an introduction to the Company's policies, organizational structure, executive team, talent development system, various awareness programs, and topics such as a friendly workplace (including anti-discrimination). In 2024, a total of 50 new employees (excluding temporary and contract workers) joined the Company, with a 100% participation rate in training related to human rights policies or procedures. The total duration of the training was 110 minutes. In addition, the Taiwan</p>	

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(2) Does the Company formulate and implement reasonable employee welfare measures (including compensation, vacations and other benefits), and appropriately reflect operating performance or results in employee compensation?	V		<p>headquarters conducted company-wide training for all employees. In 2024, a total of 16 training sessions were held on topics including labor regulations, sexual harassment prevention, employee assistance programs, occupational safety and health training, information security, and business integrity. A total of 2,302 participants attended human rights-related courses, with a cumulative total of 563 training hours.</p> <p>2.Subsidiaries (Vietnam Responsibility, Vietnam Yuhsin, China Mechanical and Electrical): In response to the requirements of the parent company, the subsidiaries conduct annual human rights-related education and training through their human resources departments. The curriculum primarily covers topics such as human rights policies, prohibition of discrimination, and complaint mechanisms. The total training hours in 2024 amounted to 11,191 hours.</p> <p>(2) The Company conducts an annual salary survey and formulates a reasonable compensation policy based on the survey results, which is also integrated with the employee performance evaluation system. In addition, the Company has established relevant reward and disciplinary systems, such as work rules, proposal implementation and incentive measures, and model employee selection methods, all of which can be accessed through the Company's internal system.</p> <p>In 2024, the Company has reflected its business performance or results in employee compensation, in accordance with Article 35 of the Company's Article of Incorporation, which stipulates that 2-6% of the profits shall be allocated as employee compensation, and no more than 4% will be allocated as director compensation. In March 2025, the Board of Directors resolved to allocate 0.5% of earnings as remuneration for non-managerial employees. The proposal is expected to be approved at the shareholders'</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	V		<p>meeting in June 2025 and formally implemented in 2026.</p> <p>Collective Bargaining Agreement Signing Status:</p> <p>Overseas subsidiaries, Vietnam Responsibility and China Mechanical and Electrical, have both signed applicable collective bargaining agreements covering all employees. However, the agreement has not yet been signed by Shinco (VN) due to an ongoing merger. In addition, the labor union at the Taiwan headquarters is scheduled to begin negotiations in 2025, and the agreement has not yet been signed.</p> <p>The Company has established workplace diversity or gender equality promotion policies. For implementation details, please refer to Note 3.</p> <p>(3)1. The Company has established a Safety and Health Management Committee, which holds regular meetings to review and implement employee training and education programs and continuously improve the working environment and safety measures. The Company aims to create a high-quality workplace.</p> <p>2.The Company's current verification status (as of the date of printing of the annual report) and its scope are as follows:</p> <p>Occupational Safety and Health Management System:</p> <p>To mitigate occupational health and safety risks, prevent workplace accidents, and provide a safe and friendly working environment that protects the well-being of both employees and contractors, the Company actively promotes the implementation of the ISO 45001 Occupational Health and Safety Management System. This ensures the effective operation of our safety management practices and compliance with applicable occupational health and safety regulations. The Company</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>completed its transition and obtained ISO 45001 certification in 2022.</p> <p>3. The number of work-related accidents, the number of affected individuals, and the ratio to the total number of employees for the current year, along with relevant improvement measures:</p> <p>Safety Performance:</p> <p>In accordance with the Company's occupational safety and health (OSH) policy and annual safety objectives, a series of safety management measures have been implemented. The Company conducts regular internal audits and management reviews to assess the effectiveness of its OSH practices.</p> <p>Key safety management measures include:</p> <p>Regulatory Compliance and Equipment Safety Management:</p> <p>Ensuring that all machinery, equipment, and facilities comply with safety standards, with protective measures in place to reduce operational risks.</p> <p>Reduction of OSH Risks:</p> <p>Conducting risk assessments to develop appropriate control measures for each work area and high-risk operations.</p> <p>Safety Training and Education:</p> <p>Organizing regular occupational safety and health training sessions to ensure employees possess the necessary safety knowledge and skills.</p> <p>Employee Participation and Continuous Improvement:</p> <p>Promoting a culture of "full participation" in safety through employee reporting mechanisms, safety proposals, and OSH committee meetings, to continuously improve safety management and ensure a safe and comfortable work environment.</p> <p>In 2024, there were 2 minor on-site incidents and 2 off-site traffic accidents. The overall on-site injury rate was 0.13, with no major occupational accidents reported.</p> <p>The Company remains committed to continuously enhancing workplace safety</p>	

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(4) Has the Company established effective career development training plans?	V		<p>measures to reduce occupational hazards.</p> <p>4. The number of fires, casualties, and the ratio of casualties to the total number of employees for the current year, along with relevant improvement measures in response to fires:</p> <p>Fire Safety Management</p> <p>No fire incidents occurred at the Company in 2024. However, to enhance fire emergency response capabilities, the Company organizes regular annual fire drills and emergency response training. These exercises are designed to strengthen employees' fire response awareness and capabilities, ensuring a prompt and effective reaction in the event of a fire. This helps minimize potential impacts on personnel safety, company assets, and business operations.</p> <p>(4) The Taiwan headquarters has established a systematically planned training roadmap, developing a diverse talent development framework through blended learning curriculum design. In 2024, the Company was honored with the Gold Award in the Talent Quality-management System (TTQS) by the Ministry of Labor, recognizing the effectiveness of its training programs.</p> <ol style="list-style-type: none"> 1. To enhance new employees' understanding of the Company's products and manufacturing processes, new hires are assigned to manufacturing, engineering, and quality assurance departments for practical training. Through hands-on operations and learning, they are able to build solid product knowledge and improve future job performance. In 2024, a total of 41 new employees participated in the internship program, accumulating 1,213 training hours. 2. To cultivate employees' problem-solving and analytical skills, the Company encourages participation in Taiwan's Continuous Improvement Competition and conducts internal workshops to promote PDCA and continuous improvement thinking. In 2024, a team of eight employees 	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
(5) Does the Company comply with relevant regulations and international standards and formulate policies to protect customer rights and complaint procedures concerning the health and safety of the customers of the products and services, client privacy, marketing and labels?	✓		<p>formed a quality improvement circle and received the District President's Award.</p> <p>3. To enhance the managerial and technical competencies of supervisors in the R&D, Engineering, Quality Assurance, and Manufacturing departments, the Company conducted training courses on "Manufacturing Management," "Equipment Management," and "Motor Troubleshooting." These courses are based on the "Three Actuals" (actual place, actual thing, actual situation) management principle and aim to continuously improve manufacturing performance. In 2024, a total of 70 participants completed 140 training hours.</p> <p>(5) The Company complies with the requirements of international regulations, standards and environmental protection standards, and its products comply with relevant regulations such as RoHS and CE. It is also certified by EMC, GS, UL and other products. In addition, the legal requirements of customers in different countries are different. Therefore, according to the needs of customers, Zeng Hsing provides the highest degree of cooperation and exposes relevant service information and labels in products / user manuals / outside boxes. In order to assist domestic and foreign agents to have a full understanding and application of the Company's product functions, and then to troubleshoot and improve maintenance technology, irregularly provide technical service training and product training courses to domestic and foreign customers, and according to actual needs in the domestic, Hold product briefings and technical seminars outside. For consumer complaints, the Company's Customer Service Section will handle related customer complaint cases according to customer complaints.</p> <p>To ensure that product quality meets customer requirements and to enhance</p>	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
			<p>customer service quality, the Company has established the "Customer Feedback Management Procedure", which sets up a comprehensive process to handle any customer requests or complaints regarding products, services, or transactions. This ensures timely responses and proper resolution of customer issues.</p> <ol style="list-style-type: none"> 1. The Company provides multiple feedback channels, including online systems, customer emails, online/offline meetings, product shipment inspections, and repair reports, to collect customer opinions. The Customer Service Department immediately verifies information and clarifies issues upon receipt to ensure complete documentation of feedback and initiate subsequent investigations. 2. For cases involving customer complaints, the Company classifies and manages them according to severity levels. An initial response with preliminary investigation results is provided within the first reporting timeframe, and a detailed "Quality Investigation Report" is delivered within 7 working days. In 2024, the complaint handling timeliness achievement rate reached 100%. 3. A regular monitoring and tracking mechanism is established to periodically review the progress and effectiveness of unresolved cases. Improvement suggestions are proposed for design or component-related issues and incorporated into relevant specifications to prevent recurrence. 4. A regular monitoring and tracking mechanism is established to periodically review the progress and effectiveness of unresolved cases. Improvement suggestions are proposed for design or component-related issues and incorporated into relevant specifications to prevent recurrence. 	
(6) Does the Company formulate supplier management policies that require suppliers to follow relevant regulations on	V		(6) According to the procurement and supplier management measures, the supplier assessment mechanism includes environmental protection, labor practices and human rights assessment items, with	No discrepancy.

Promotion Items	Implementation Status (Note1)			Discrepancy from the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Summary	
environmental protection, occupational safety and health or labor human rights, and their implementation?			a score of 10% of the total score. Investigation items such as restricted substance management and control, labor practice + human rights + environmental protection compliance, etc. The supplier needs to attach relevant supporting documents or check the actual records before scoring.	
5. Does the Company refer to the internationally prepared reporting standards or guidelines for preparing corporate social responsibility reports and other reports that disclose the Company's non-financial information? Did the pre-report report obtain the confidence or assurance opinion of the third-party verification unit?	V		This report is prepared based on the Global Reporting Initiative (GRI) Standards, with material sustainability topics, related strategies, goals, and measures identified and disclosed in accordance with the relevant guidelines and framework. It also refers to the United Nations Sustainable Development Goals (SDGs), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-Related Financial Disclosures (TCFD) as long-term development references. The content is derived from a systematic analysis to identify and prioritize sustainability concerns of stakeholders, serving as a basis for information disclosure in the report. The report is compiled in accordance with the GRI Standards and has been verified by an independent third-party assurance provider, TUV, based on the AA1000 standard.	No discrepancy.
6. If the Company has established its Sustainable Development Best Practice Principles according to "the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" please describe the operational status and differences: Although the Company has not set up Corporate Social Responsibility Best Practice Principles, the Company implements CSR step by step taking into consideration its current status and regulations. The Company will enhance its CSR operation through amending relevant articles, strengthening and promoting corporate ethics-related training.				

7. Other important information to facilitate better understanding of the Company's implementation of promoting sustainable development:

Zeng Hsing ESG policy:

Promote circular economy, reduce energy use and carbon emissions, and foster environmental sustainability. Care for employee welfare, ensure workplace safety and health, and support long-term growth. Practice sound corporate governance, strengthen information disclosure, and ensure sustainable operations. Maintain high product quality, deliver reliable products, and enhance customer satisfaction. Build a responsive supply chain, foster partnership relationships, and achieve shared prosperity. Promote cultural heritage, support public welfare, and contribute to local communities.

Overview of ESG Office Operations at Zeng Hsing

Zeng Hsing officially established its ESG Office (ESGO) in April 2018, concurrently formulating its Sustainability Policy, the Charter of the Sustainability Committee, and ESG Management Guidelines. A Sustainability Committee (ESG Committee) was also formed to continuously strengthen the Company's sustainability governance and policy framework.

The ESG Committee is led by the Chairman as the Supervisory Commissioner, with the General Manager serving as the Chairperson. Department heads from various functional divisions are appointed as committee members to promote ESG policies within their respective departments. 1 Executive Secretary and 1 Administrative Secretary are appointed to consolidate relevant information and ensure the implementation of sustainability goals according to the action plans.

Each year, ESGO collects and analyzes global sustainability trends and emerging risks, and surveys stakeholder expectations to assess the Company's ESG-related risks and opportunities. Based on these findings, the Committee jointly develops corresponding strategies and action plans to mitigate potential operational impacts. All relevant goals and performance outcomes are fully disclosed in the Company's annual Sustainability Report to ensure transparency and effective stakeholder communication.

Sustainability Decision-Making and Goal Setting:

- Annual Sustainability Goal Consensus Meeting (Year-End): Convened by the ESG Office (ESGO), this meeting reviews the latest progress in sustainability initiatives, sets future directions, and facilitates cross-departmental coordination and resource integration. It also oversees project execution progress and performance.
- Mid-Year Goal Review Meeting (Q2): Participated by all committee members, this meeting evaluates the implementation status of sustainability goals across departments. Results are published on the Company's internal ESG platform to ensure company-wide awareness and engagement.
- Annual Sustainability Goal Setting: In September 2024, ESGO confirmed the Company's future ESG development direction with the Chief Commissioner and Supervisory Commissioner, based on the six core pillars of the Company's sustainability policy. Subsequently, ESGO conducted a 14-hour series of group discussions with the highest-ranking executives of 15 functional departments, along with the Executive Secretary and Administrative Secretary, to conduct in-depth planning of departmental sustainability goals. In October of the same year, the ESG Committee held the Annual Sustainability Consensus Meeting, which lasted 2 hours and finalized the 2025 ESG objectives. A total of 74 sustainability management goals were established across the 15 functional departments, with a primary focus on environmental and employee-related initiatives, ensuring steady progress on the Company's sustainable development path.

As part of its social contribution efforts, Zeng Hsing is committed to supporting under-resourced rural communities and focuses on public welfare initiatives that care for disadvantaged groups. The Company supports local long-term

care centers to help improve the quality of life for the elderly and ensure better care. In partnership with the Taiwan Class-A Tailoring Technician Association, Zeng Hsing launched a rural elementary school sewing skill transmission program in 2022. As of 2024, the program has reached 16 rural schools, with a cumulative 650 student participants, helping to equip children with practical skills and broaden their learning opportunities. Additionally, the Company joined Tainan University of Technology's "New Life through Sewing" program, which integrates volunteer service and circular economy concepts. The initiative has attracted over 400 participants and successfully upcycled 330 pieces of used clothing, empowering participants with sewing skills and promoting resource reuse in line with sustainable development goals. Furthermore, Zeng Hsing established the "Zeng Hsing Love Volunteer Team" in 2020, recruiting employees, retirees, and their families to take part in various activities including sewing workshops, handmade charity items, and environmental protection events. In 2024, the team hosted 17 volunteer events, such as mountain cleanup at Sheng Ai San Zhuang, sewing workshops for elderly residents in Taiping Community, and sewing experiences for girls' homes, accumulating 1,011 hours of volunteer service. In addition, one advanced sewing training session and one mental wellness seminar were held, totaling 318 training hours for the year.

The following table indicated the results of the donation of cash or sewing machine in 2024:

Item	Organization	Amount
Sewing machines	<ol style="list-style-type: none"> 1. The Clothes Association with Technical Degree A, R.O.C. 2. Tainan University of Technology 3. Miaoli County Women's Welfare Service Center 4. Chinese Nonprofit Organization Development Association 5. The Mustard Seed Mission 6. Xinglong Community Development Association 7. Taichung Sewing Machine Commercial Association 	58 units
Cash	<ol style="list-style-type: none"> 1. Tainan University of Technology – Sewing New Life Project 2. WaCare Telehealth Education Project 3. Maria Theresia Social Welfare Foundation 4. St. Francis Girls' Home 5. Stella Sacred Love Villa 6. Taichung City Greater Taichung Police Friendship Association 7. Taichung City Volunteer Fire Brigade Women's Fire Prevention Promotion Corps, Taiping Division Taichung Friendship Association for the Rehabilitation 	925 thousand

The following table indicated the results of the volunteer team's service in 2024:

Items	Name of the event	Service Target	Service attendance	Hours	Number of volunteers
Charity Crafts	1. Charity Crafts - Cloth Sanitary Pads	None		311	54
Environmental Activities	<ol style="list-style-type: none"> 1. Cleaning the Saint Eva Hill 2. Cleaning the Saint Eva Hill (held by Takuai) 	None		416	92
Sewing Teaching	<ol style="list-style-type: none"> 1. Taiping Seniors Activity Center Sewing Experience (*2 sessions) 2. Xinglong Community Elderly Sewing Course (*3 sessions) 	Seniors, teenagers, women	241	280	75

	3. Saint Eva Hill Sewing Class (*2 sessions) 4. Sewing workshops at Miaoli Women's Welfare Services Center (*2 sessions) 5. Ai-De-Ran Girls' Home Sewing Workshop (*2 sessions) 6. Nantou - Computer Literacy Workshop 7. WaCare Caregiver Online Training Program				
Other	1. Takuai – On-site Volunteer Support for Taichung Volunteers	Volunteers from Volunteer Centers		4	1
	Total		241	1,011	222

The Company conducts risk assessment on important issues with the materiality principle of ESG to formulate a risk management policy as follows. For detailed management policies, please refer to the rated chapters of the report:

Major considerations	Management policy
Corporate Governance	Zeng Hsing Group adheres to the principle of ethical business conduct and has established the Work Rules Management Regulations, Code of Ethical Conduct, Ethical Corporate Management Best Practice Principles, and Procedures for Ethical Management and Guidelines for Conduct to ensure that all directors, managers, and employees comply with the highest standards of ethical behavior. The Company strictly prohibits any illegal acts such as corruption, bribery, or extortion. Any employee found to have violated these rules upon investigation will be dismissed in accordance with the law without tolerance. (For more details, please refer to the Sustainability Report – Implementation of Ethical Corporate Management.)
Legal compliance	Zeng Hsing Group strictly complies with all applicable local laws and regulations, including the Company Act, Securities and Exchange Act, Business Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, regulations governing listed companies, and other relevant statutes. These measures ensure that business operations align with legal requirements and uphold the fundamental principles of ethical corporate management. Furthermore, Zeng Hsing has obtained international certifications including ISO 9001, ISO 14001, and ISO 45001 to ensure that its management systems meet both regulatory standards and customer expectations. System management units in the Taiwan headquarters, China (Electromechanical), Shinco (VN), and Zeng Hsing Industrial Co., Ltd. (Vietnam) formulate annual audit plans to review operational procedures across departments. In addition, regular internal and external audits on environmental protection and occupational health and safety regulations are conducted to ensure compliance and enhance the Group's operational stability and regulatory adherence.
Environmental protection	Zeng Hsing's Taiwan headquarters, Zeng Hsing Industrial Co., Ltd. (Vietnam), and Zeng Hsing Electromechanical (China) have developed Quality and Environmental Management Manuals based on the ISO 14000 series standards (CNS 14001 and CNS 14004). By establishing and implementing management procedures for environmental policies and objectives, and conducting regular performance evaluations, the Group ensures that its operations align with its sustainability vision and environmental policies. The Company is committed to pollution prevention and environmental stewardship while balancing ecological protection and economic needs, actively fulfilling its corporate environmental responsibilities. Additionally, all subsidiaries have formed Greenhouse Gas Inventory Task Forces in accordance with ISO 14064-1, responsible for planning and implementing related activities. Zeng Hsing engages external consultants annually to conduct training sessions to develop certified inventory and verification personnel. Greenhouse gas inventories and carbon reduction management are carried out in line with the Greenhouse Gas Management Guidelines to ensure compliance and

	transparency in carbon governance. Regarding energy management, Zeng Hsing Industrial Co., Ltd. (Vietnam) has adopted an Energy Management System (EMS), implemented monitoring hardware and software, and obtained ISO 50001 certification to improve energy efficiency and strengthen the Group's sustainability performance.
Training and education	<p>Talent is the cornerstone of a company's growth, and the cultivation of human capital is a critical long-term investment. Through a well-structured talent development system, the Company provides employees with clear career development paths while building a robust talent pool to support its long-term strategic goals.</p> <p>Since 2015, the Taiwan headquarters has been implementing a Human Resources Development (HRD) system to enhance management effectiveness in four key areas: recruitment, utilization, development, and retention. The EHRD system comprises five core modules: competencies, functional skills, performance, training, and talent dynamics. By evaluating competencies and job functions, the system identifies individual development needs and links them to the training system, offering targeted educational programs to strengthen employees' knowledge and skills.</p> <p>In addition, all Zeng Hsing Group subsidiaries are committed to providing diverse learning opportunities to ensure continuous professional growth and personal development for every employee—creating a win-win situation for both the organization and its people.</p>
Occupational safety and health	<p>Zeng Hsing Group is committed to providing a safe and friendly working environment that enables employees to work with peace of mind, while reducing occupational health and safety risks and promoting a strong safety culture and a supportive workplace. To effectively protect employee well-being, both the Taiwan headquarters and the Vietnam site have implemented the ISO 45001 Occupational Health and Safety Management System. Through the operation of the Occupational Health and Safety Committee and regular Safety Management Review Meetings, the Company systematically evaluates safety performance across departments. In addition to strictly complying with occupational health and safety regulations, Zeng Hsing actively enhances workplace and equipment safety, continuously optimizing the occupational health and safety environment. These efforts ensure that employees work in a healthy and secure setting, reinforcing the Company's commitment to sustainable development.</p>

The ESG Committee reports on the progress of sustainable development initiatives to the board. The chair of the ESG Committee reports quarterly to the board on the execution results of sustainable development and future work plans. In 2024, a total of 4 meetings were held to report to the board, on 8 March 2024, 8 May 2024, 8 August 2024 and 24 December 2024, respectively. Agenda items included: (1) Identification of sustainable issues requiring attention and development of action plans; (2) Revision of goals and policies related to sustainability issues; (3) Monitoring the implementation of sustainable business matters and assessing execution status.

To strengthen awareness of ESG development among senior management and all employees, Zeng Hsing Group has established the following strategies to gradually incorporate ESG indicators into its performance evaluation system, ensuring that sustainability goals are embedded in the Company's culture and management decisions:

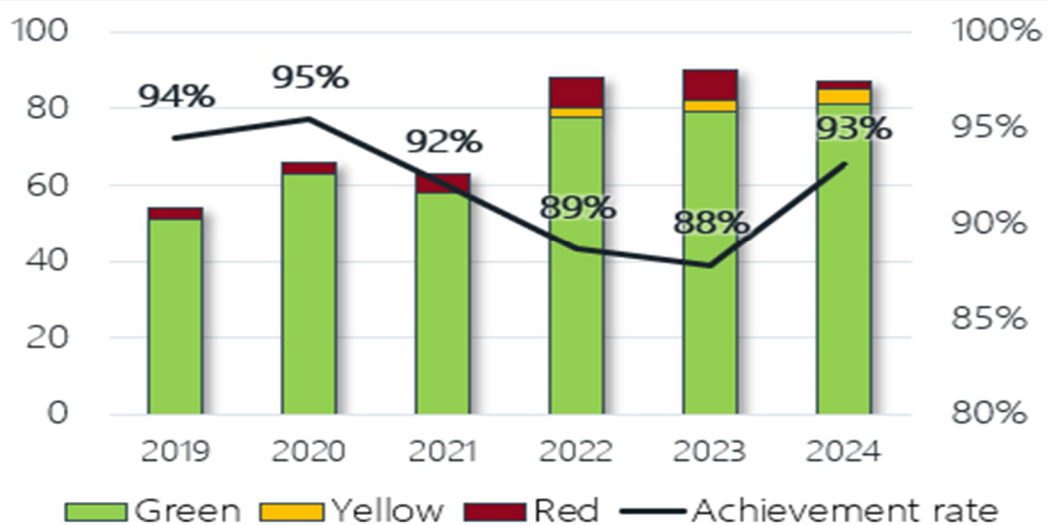
Short-term Goal: In 2024, the Company began piloting the inclusion of ESG performance metrics in the performance evaluations of senior managers, as part of the appraisal conducted by the General Manager and Chairman. This approach emphasizes the importance of ESG targets in corporate performance assessment and reinforces management's focus and commitment to ESG initiatives.

Mid-term Goal: Starting in 2025, ESG indicators will be formally integrated into the performance evaluations of mid- and senior-level managers, with a designated weight of 5% in the overall assessment. Evaluation outcomes will also be directly linked to compensation, thereby further incentivizing active participation in ESG promotion and ensuring that ESG strategies are truly incorporated into corporate management practices.

Long-term Goal: The Company will continue to monitor the effectiveness of ESG implementation and assess, based on actual outcomes, the feasibility of extending ESG-linked performance assessments to all employees² making ESG a core corporate goal shared across the entire organization.

The 2024 ESG Highlights and Performance Results were reported to the Board of Directors on 9 May 2025.

ESG target achievement rate over the years



Note: The above information has not yet been verified by an external assurance provider. Final figures will be based on the externally assured data disclosed in the 2024 ESG Report.

Note 1: “Yes” is selected for implementation, please describe the key policies, strategies, and measures that were adopted, as well as their current status. If “No” is selected, please explain the “Discrepancy from the Code of Practice for Sustainable Development of Listed Companies and Reasons for Discrepancy” column, as well as the future plans for the implementation of relevant policies, strategies, and measures. For promoting projects 1 and 2, listed companies shall disclose their governance and supervisory framework for sustainable development, including but not limited to management policies, strategy and goal-setting, and review measures. They shall also describe their policies or strategies for managing risks related to environmental, social, and corporate governance issues related to their operations, as well as their evaluation status.

Note 2: The materiality principle refers to environmental, social, and corporate governance issues that affect the Company's investors and other stakeholders.

Note 3: Gender Equality and Diversity in 2024

Our company's gender equality and diversity policy aim to foster an open, inclusive corporate culture, eliminate gender discrimination, and promote diversity. We are committed to providing equal opportunities and treatment, ensuring that every employee is treated fairly regardless of gender, race, religion, or other characteristics. This commitment reflects our dedication to fair employment practices while fostering diversity within our teams.

Employee Ethnicity Indicators

Category	Percentage of total employees (%)	Percentage of managerial positions (%)
Republic of China (ROC) nationality	98.9%	97.96%
Foreign nationality	1.1%	2.04%
Indigenous	0.0%	0.0%

Gender Diversity Indicators

Category	Percentage (%)
Percentage of female employees (%)	50.74%
Percentage of female executives (%)	42.86%
Percentage of female frontline supervisors (%)	40.63%
Percentage of female senior executives (%).	47.06%

Other Diversity Indicators

Category		Percentage (%)
People with disabilities		0.37%
All employees	Age group: Under 30 years old	8.46%
	Age group: 30~50 years old	75.74%
	Age group: Over 50 years old	15.81%
	Total	100%

Pay Equity.

The company has established a "Compensation Committee" to provide employees with competitive compensation, and operates under a transparent and equitable compensation policy to reward employees based on operational performance.

For frontline specialists in the same job category, new hires receive the same starting salary.

Additionally, for employees with relevant expertise and work experience, compensation is determined based on factors such as the individual's educational background, skills, and certifications, without regard to gender or ethnicity.

Pay Equity Indicators	Gap
Gender pay gap in average salary	29.60%
Gender pay gap in median salary	16.83%
Gender pay gap in average variable bonus	41.14%
Gender pay gap in median variable bonus	19.88%

Climate-related Information of Listed Companies

1.Implementation Status of Climate-related Information

Item	Implementation Status	
<ol style="list-style-type: none"> Describe the supervision and governance of climate-related risks and opportunities by the Board of Directors and management. Explain how the identified climate risks and opportunities affect the Company's operations, strategies, and finances (short-term, medium-term, long-term). Describe the financial impact of extreme weather events and transition actions. Explain how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system. If scenario analysis is used to assess resilience to climate change risks, explain the scenarios, parameters, assumptions, analysis factors, and key financial impacts used. 	<p>The company has established a TCFD (Task Force on Climate-related Financial Disclosures) subgroup under the Sustainable Development Committee, which convenes at least four meetings annually and reports relevant plans and implementation progress to the Board of Directors. The responsibilities of the TCFD subgroup include reviewing the Company's sustainable development plans and tracking and evaluating their effectiveness, with the General Manager serving as the Chairperson. The TCFD subgroup identifies climate-related risks and opportunities every three years. On 20 December 2024, the TCFD subgroup identified 1 opportunity, 2 transition risks, and two physical risks requiring action. Relevant management policies were formulated accordingly (refer to Section 3.4 on Risk Management in the sustainability report for the risk-opportunity matrix).</p>	
	<p>Opportunities:</p> <p>1. Adopting more efficient transportation methods: Green packaging design with reduced materials can not only lower paper</p>	<p>Risks:</p> <p>1. Extreme temperature changes: May intensify climate-related disasters, resulting in operational disruptions</p>

Item	Implementation Status		
<p>6. If there are transition plans to manage climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical and transition risks.</p>	<table border="1" data-bbox="805 286 1437 562"> <tr> <td data-bbox="805 286 1118 562">consumption but also enhance transportation efficiency and reduce carbon emissions.</td><td data-bbox="1118 286 1437 562">and associated losses. 2. Changes in average temperature: May also intensify climate-related disasters, leading to production halts and potential losses.</td></tr> </table> <p>Countermeasures Overview</p> <p>Since 2014, Zeng Hsing Group has progressively implemented ISO 14064-1 greenhouse gas (GHG) inventory standards across its four manufacturing sites, conducting annual GHG inventories and internal verifications to ensure effective analysis and management of carbon emissions. In response to Taiwan Stock Exchange (TWSE) requirements, the Group began obtaining third-party verification statements for all four sites starting in 2023, thereby enhancing the accuracy, credibility, and transparency of its carbon management practices.</p> <p>Following the implementation of GHG inventories, results identified the Vietnam-based Zeng Hsing (VN) facility as the Group's primary source of emissions. To optimize energy use and reduce carbon output, the Company adopted the ISO 50001 Energy Management System in 2017 and obtained third-party certification in 2018. Additionally, the facility is equipped with an energy monitoring system, enabling digitalized tracking and analysis of energy consumption to improve energy efficiency and support both emission reduction and energy-saving goals.</p> <p>Each year, the ESG Committee mandates all four sites to establish environmental objectives, including emissions intensity management, carbon reduction, waste minimization, and water conservation. Through accurate data tracking, the Group ensures efficient use of resources, minimizes waste, and fulfills its commitment to environmental sustainability. In terms of green energy development, the Taiwan headquarters integrated a solar photovoltaic system during new plant construction,</p>	consumption but also enhance transportation efficiency and reduce carbon emissions.	and associated losses. 2. Changes in average temperature: May also intensify climate-related disasters, leading to production halts and potential losses.
consumption but also enhance transportation efficiency and reduce carbon emissions.	and associated losses. 2. Changes in average temperature: May also intensify climate-related disasters, leading to production halts and potential losses.		

Item	Implementation Status
	generating approximately 100,000 kWh annually. By participating in government renewable energy initiatives, the system yields an annual income of approximately NT\$400,000 from electricity sales, providing a stable green revenue stream for the Company. Furthermore, Zeng Hsing actively promotes eco-friendly product design to reduce environmental impact during manufacturing, including the use of sustainable packaging and reduced mold steel consumption, underscoring its long-term commitment to sustainable operations.
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be explained.	The Company does not utilize internal carbon pricing as a planning tool.
8. If climate-related targets are set, information should be provided on the activities covered, scope of greenhouse gas emissions, planning schedule, progress achieved annually, etc. If carbon offsetting or Renewable Energy Certificates (RECs) are used to meet these targets, details should be given regarding the source and quantity of carbon offsets or the number of RECs exchanged.	Energy conservation and carbon reduction: Medium to long-term goal: Based on the 2020 baseline year, reduce total group greenhouse gas emissions (Category 1+2) by -42% by 2030. 2024 target: Replace traditional light bulbs with LED bulbs, install solar-powered streetlights, and implement efficiency improvement plans for air compressors and dryers. 2024 implementation status: Solar-powered streetlights were installed, and the efficiency improvement plan for air compressors and dryers successfully reduced compressor electricity consumption by approximately 50%.
9. Greenhouse gas inventory and confirmation status, along with reduction targets, strategies, and specific action plans (to be filled out in sections 1-1 and 1-2).	Other ongoing initiatives include controlling the temperature and activation time of chillers, regular maintenance of air conditioners to improve efficiency, and turning off lights for one hour during lunch breaks.

1-1 Company's Greenhouse Gas Inventory and Confirmation Status for the Past Two Years.

1-1-1 Greenhouse Gas Inventory Information.

Provide details on the greenhouse gas emissions for the most recent two years, including the emissions volume (metric tons CO₂e), intensity (metric tons CO₂e per million dollars), and the scope of data coverage.

	Data for 2022	Data for 2023	Data Scope
Category 1 emissions (tons CO2e)	1,801	1,515	Consolidated Financial Statements of Parent and Subsidiary Companies (Excluding Turvo International Co., Ltd.)
Category 2 emissions (tons CO2e)	14,831	11,297	
Category 3+4+5 emissions (tons CO2e)	75,717	50,698	
Category 1~5 total emissions (tons CO2e)	92,349	63,510	
Intensity (tons CO2e / NT\$ million revenue)	2.3106	1.6885	Category 1+2 Emissions

Note: The audit results for 2024 are expected to be available in June 2025; therefore, only the data for 2022 and 2023 are disclosed.

Note 1: Direct emissions (Scope 1, emissions directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2, emissions from purchased electricity, heat, or steam), and other indirect emissions (Scope 3, emissions from activities not classified as energy indirect, but from sources owned or controlled by other companies).

Note 2: The scope of direct emissions and energy indirect emissions data shall be determined in accordance with Article 10(2) of this Standard, while information on other indirect emissions may be disclosed voluntarily.

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

Note 4: The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but data calculated based on revenue (in millions of New Taiwan Dollars) should be disclosed at least.

1-1-2 Greenhouse Gas Assurance Information

This section provides an explanation of the assurance status for the most recent two years up to the date of the annual report printing, including the assurance scope, assurance provider, assurance standard, and assurance opinion.			
Facility	Assurance Status in the Past 2 Years	Assurance Provider	Assurance Standard & Assurance Level

Taiwan Headquarters	In August 2023, the Company conducted a trial external verification to assess the integrity of its carbon inventory system. The audit confirmed that the inventory mechanism met relevant requirements and demonstrated stable operational capabilities. Moving forward, the Company will continue to implement regular GHG inventories and internal verifications to ensure data accuracy and ongoing management optimization. Starting in 2027, the Company plans to carry out external verification across all Group facilities to further enhance the transparency and credibility of its carbon emissions management.	TUV Rheinland Germany	ISO14064-3:2019, Reasonable assurance
Zeng Hsing (VN)	First external verification conducted in November 2024. Verified information will be disclosed in the sustainability report.	TUV Rheinland Germany	ISO14064-3:2019, Reasonable assurance
China Zhangjiagang	External verification scheduled for 2025.	TUV Rheinland Germany	ISO14064-3:2019, Reasonable assurance
Shinco (VN)	External verification scheduled for 2026.	TUV Rheinland Germany	ISO14064-3:2019, Reasonable assurance

Note 1: In accordance with the provisions of Article 10(2) of this Standard, if the Company has not obtained a complete greenhouse gas assurance opinion by the printing date of the annual report, it should be noted that "Complete assurance information will be disclosed in the sustainability report." If the Company has not prepared a sustainability report, it should be noted that "Complete assurance information will be disclosed on the Market Observation Post System," and complete assurance information should be disclosed in the subsequent year's annual report.

Note 2: The assurance provider should comply with the relevant regulations of the Taiwan Stock Exchange Corporation and the Taipei Exchange regarding assurance providers for sustainability reports.

Note 3: Disclosure content can refer to the best practice examples on the Corporate Governance Center website of the Taiwan Stock Exchange.

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

This section outlines the baseline year and data, reduction targets, strategies, and specific action plans for greenhouse gas reduction, as well as the progress towards achieving these reduction targets.

	Baseline Year and Expectation	Achievement in 2023	Action Plan
Cat ory 1+2	Baseline year set at 24,283 tons of CO ₂ e in 2020	A 48% reduction was achieved in 2023 compared to the 2020 baseline year. Excluding the impact of decreased production volume, the Company has made significant efforts in recent years to replace outdated equipment, such as chillers and dryers, and has implemented energy-saving measures including the installation of variable-frequency air compressors and injection molding machines, resulting in notable improvements.	Conducting annual greenhouse gas inventories for the group, assessing improvement plans for major emissions, and developing carbon reduction plans. The ESG committee requires each plant to set carbon reduction targets annually to ensure that the -42% carbon emission reduction target for 2030 can be achieved.

Note 1: Compliance should be carried out in accordance with the regulations set forth in Paragraph 2, Article 10 of this guideline.

Note 2: The base year should be the year in which the greenhouse gas inventory is completed based on the boundary of the consolidated financial statements. For example, according to Paragraph 2, Article 10 of this Guideline, companies with a capital of over NT \$10 billion are required to complete the greenhouse gas inventory for 2024 by 2025. Therefore, the base year is 2024. However, if a company completes the greenhouse gas inventory for the consolidated financial statements earlier, the base year may be the earlier year. Additionally, data for the base year may be calculated as a single year or as an

average of multiple years.

Note 3: Disclosure content can be referred to on the website of the Corporate Governance Center of the Taiwan Stock Exchange for best practice examples.

(6) Ethical Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
I. Establishment of ethical corporate management policies and programs				
(I) Does the Company formulate the integrity management policy approved by the board of directors, and state in the regulations and external documents the policies and practices of integrity management, and the board and management's commitment to actively implement the operation policy?	V		(I) Integrity has been the Company's business philosophy and essential core functions for all employees. The Company has formulated “Code of Ethics”, “Code of Integrity Management”, “Procedures and Conduct Guidelines for Integrity Management” and “Employee Handbook”, which specifically regulates behavior indicators that should be paid attention to by directors, supervisors, managers, and employees of the Company and group companies and organizations when they are performing their businesses.	No discrepancy.
(II) Does the Company have established an assessment mechanism for the risk of dishonesty, regularly analyzes and evaluates business activities with a high risk of dishonesty in the business scope, and accordingly formulates a plan to prevent dishonesty, and at least covers the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies" Article 7,	V		(II) The Company has formulated the “Procedures and Conduct Guidelines of Integrity Management” for business activities or other business areas that have high risk for unethical conducts in Paragraph 2, Article 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, to take individual precautionary measures for individual operations.	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>paragraph 2 of the prevention measures?</p> <p>(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?</p>	V		<p>(III) The Company’s “Procedures and Conduct Guidelines for Integrity Management” clearly sets out plans to prevent unethical conduct, including identification standards and procedures, and handling of violations of the “Code of Integrity Management”. Integrity management sets clear and effective reward and punishment and the appeal system is incorporated into employee performance reviews and human resources policies.</p>	No discrepancy.
<p>II. Fulfill operations integrity policy</p> <p>(I) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?</p>	V		<p>(I) Before establishing a business relationship with others, the Company should first evaluate the legality of agents, suppliers, customers or other business associates, the integrity of their business policies, and whether they have records of dishonesty to ensure that their business practices are fair, transparent and will not ask for or accepting bribes. When signing a contract with others, the Company should fully understand the integrity of the other party and include compliance with business integrity in the contract. It should be clearly stated in the contract that if any party engages in unethical conduct in the course of business operation, the other party may terminate or cancel the contract at any time without any condition.</p>	No discrepancy.
<p>(II) Does the Company set up a special unit under the board of directors to promote the integrity management of the enterprise, and regularly (at</p>	V		<p>(II) The Company operates in accordance with the management of integrity. The Strategic Development Division serves as the dedicated unit to promote integrity management and is responsible for the formulation and supervision of the implementation of the integrity</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
least once a year) report to the board of directors on its integrity management policies and plans to prevent dishonest behaviors and supervision and implementation?			management policy and prevention plan. It irregularly checks and evaluates whether the preventive measures established for integrity management are operating effectively and evaluates the compliance status of the relevant business processes, prepares reports, and reports to the Board of Directors. The dedicated unit reported its implementation to the Board of Directors on 24 December 2024.	
(III) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		<p>(III) The Company has a "Code of Ethics" in place, setting forth the conflict prevention policy and reporting channels.</p> <p>To implement the integrity management policy, the Company has established a "Whistleblowing Management Policy" and reporting channels to reduce the occurrence of fraud and corrupt or unethical conduct.</p> <p>Implementation Status:</p> <ul style="list-style-type: none"> The whistleblowing system has been officially implemented. <p>Internal: The Whistleblowing Management Policy was issued in May 2024.</p> <p>External: A whistleblower mailbox is available on the Company's official website under the Investor Relations section for external parties to submit reports.</p>	No discrepancy.
(IV) Has the Company established an effective accounting system and internal control system for the implementation of integrity management, and the internal audit unit has formulated relevant audit plans based on the results of the assessment of the risk of dishonesty, and checked the compliance	V		<p>(IV) The Company shall establish an effective accounting system and internal control system for business activities with a higher risk of unethical conduct and review it at any time to ensure that the design and implementation of the system are continuously effective. The Internal Audit Office regularly checks the compliance with the system and prepares an audit report to be submitted to the board of directors. The Internal Audit Office can also appoint a CPA accountant or professional to provide assistance if necessary.</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>with the plan to prevent dishonesty, or entrust CPAs to perform the audit?</p> <p>(V) Does the Company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>(V) The Company implements the integrity management policy, and the relevant implementation status in 2024 is as follows:</p> <ol style="list-style-type: none"> 1. The Company conducts training in accordance with the integrity and pragmatism of "core functions"; and lists "integrity" as an evaluation item of the annual evaluation of employee functions during the Company's newcomer education and training, 2. Annual training and integrity policy advocacy is conducted to enhance employee and stakeholder awareness of business ethics and regulatory compliance. <p>Implementation Status:</p> <p>◆ Training on the Code of Integrity and Ethical Conduct:</p> <p>Online training courses on business integrity were made available through the internal “Shin Learning Platform.” A total of 257 headquarters and BU Taiwan managerial staff, as well as 13 new employees, completed the training. In addition, to further promote business ethics and regulatory compliance among the Group’s stakeholders, integrity policy advocacy was included in the Board meeting agenda in May 2024 to reinforce the Company’s anti-corruption stance.</p> <p>3. Supplier Code of Conduct Advocacy</p> <p>In 2024, the Strategic Development Division prepared advocacy materials on supplier ethics, which were distributed through</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>procurement notices to Group suppliers.</p> <p>Implementation Status:</p> <p>◆ From December 2023 to September 2024, a total of 237 suppliers received integrity and anti-corruption advocacy materials. The Company expects all suppliers to uphold anti-corruption practices, conduct business with integrity, respect intellectual property rights, and comply with confidentiality agreements, together building a more transparent, fair, and sustainable supply chain.</p> <p>4. Board Report on Integrity Management On December 24, 2024, the Board of Directors was presented with a report summarizing the implementation and operations of the Company’s integrity management policy for the year.</p>	
<p>III. Operation of the integrity channel</p> <p>(I) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow up?</p>	V		<p>(I) Integrity system: The Company has established both internal and external whistleblowing channels and handling mechanisms to ensure the effective implementation of the “Code of Ethical Conduct,” “Corporate Governance Best Practice Principles,” “Ethical Corporate Management Best Practice Principles,” and the “Procedures for Ethical Management and Guidelines for Conduct.” These measures also serve to safeguard the legal rights and interests of whistleblowers and related parties. The “Whistleblowing Policy” has been approved by the Board of Directors and disclosed under the Company’s Important Regulations section on the official website, and all related matters are handled in accordance with the Company’s internal rules.</p> <p>1. Report scope</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>(1) Behavior in violation of the relevant provisions of the Act or regulations applicable to the Company and the Company's policies, systems or ethical code of conduct.</p> <p>(2) Any behavior that damages the rights or interests of the Company is likely to damage, such as fraud, embezzlement of company assets, and collection of improper benefits.</p> <p>(3) Any form of fraud by company management or employees.</p> <p>2. Whistleblower channel:</p> <p>(1) Whistleblowers may submit reports via email or in writing. Anonymous reports are accepted; however, a method of contact must be provided.</p> <p>(2) The Company has established a dedicated email address at: report_zh@zenghsing.com.tw to receive whistleblowing cases.</p> <p>(3) Written reports may be mailed to the designated receiving unit. If received by other personnel, the report shall be forwarded to the appropriate unit based on the level of involvement.</p> <p>3. Disciplinary Actions and Rewards:</p> <p>(1) If an investigation confirms that any employee has engaged in misconduct in violation of the Company's integrity policies, a Personnel Review Committee shall be convened to decide on the disciplinary action. Penalties, including dismissal, shall be imposed in accordance with relevant laws or the Company's "Work Rules." If the person involved holds a position of General Manager or above, the disciplinary decision shall be made by the Board of Directors.</p> <p>(2) If an external whistleblower is found to have fabricated or made false accusations with significant impact and damage to the Company, the Company reserves the right to pursue legal</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(II) Does the Company set the standard operating procedures for the investigation of the complaint, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	V		<p>action.</p> <p>(3) If internal personnel are found to have made false accusations, deceived others, or intentionally disrupted operations, the matter shall be submitted to the Personnel Review Committee for disciplinary review.</p> <p>(4) If a whistleblower's report is verified to be factual following investigation, the Personnel Review Committee may issue a reward depending on the nature of the case, while ensuring the whistleblower's identity is protected.</p> <p>(II) Reporting and Case Acceptance Authority: The designated unit responsible for managing the whistleblower system under the Whistleblower Policy is the Strategic Development Department, which handles all administrative aspects of whistleblower case management. The General Manager and the Head of the Audit Office serve as the designated case acceptance units. Upon receiving a whistleblower report, these units will determine whether to proceed with an investigation based on the nature of the report and any supporting evidence provided. If the case is accepted, the designated unit will establish an investigation team and proceed with a fact-based inquiry into the allegations of misconduct. If the report involves the General Manager, the Head of the Audit Office shall escalate the matter to the Chairman of the Board before initiating the investigation. If the report concerns the Chairman or members of the Board of Directors, the case shall be reported to the Audit Committee for further investigation.</p> <p>1. Handling Procedures and Recordkeeping: (1) Upon receiving a whistleblower report, the designated unit shall determine</p>	No discrepancy.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>whether to accept the case based on the content and evidence provided. The whistleblower will be informed of the acceptance decision.</p> <p>(2) Once a case is accepted, an investigation team will be formed to conduct a thorough inquiry. A written investigation report shall be prepared and submitted to the designated unit for a decision on the follow-up actions. After the investigation report is finalized, the designated unit will notify the accused party. If the accused party disagrees with the findings, they may submit a rebuttal along with supporting evidence.</p> <p>(3) If it is proved that the reported person has indeed violated relevant laws and regulations or the Company’s integrity management policies and regulations, he should immediately request the reported person to stop the relevant behavior, and to deal with it appropriately, and if necessary, request damages through legal procedures to protect the Company’s reputation and rights of the Company.</p> <p>(4) The acceptance, investigation process, and results of whistleblower reports must all be documented in writing. All related documents shall be sealed and transferred to the designated unit for proper safekeeping and archiving. These records must be retained for a minimum of ten years; if the case involves legal proceedings, the relevant materials shall be preserved permanently.</p> <p>(5) When the report is verified to be true, relevant units of the Company should review the relevant internal control system and operating procedures and propose improvement measures to prevent the same behavior from happening again.</p>	

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
(III) Does the Company provide proper whistleblower protection?	V		<p>(6)The unit responsible for handling whistleblower reports shall report the whistleblowing case, its handling process, and any subsequent review and improvement measures to the Board of Directors.</p> <p>(III) (3) Whistleblower Protection Mechanism Personnel handling whistleblower reports must sign a written declaration to maintain the confidentiality of the whistleblower’s identity and the reported content, and to ensure that the whistleblower is not subject to any improper treatment as a result of the report. According to the “Whistleblower Policy,” the Company and the investigators responsible for handling such cases must uphold principles of fairness and impartiality throughout the investigation and reporting process. It is strictly prohibited for any employee or external party entrusted by the Company to engage in acts of coercion, insult, harassment, or any retaliatory actions that result in disadvantageous changes to the whistleblower’s position, compensation, or job responsibilities. The Company is committed to safeguarding the whistleblower’s life, physical safety, property, and employment rights, and any violations will be subject to disciplinary action. The identity of the whistleblower and the content of the report will be kept strictly confidential, and protection is ensured against any improper treatment due to the report. However, if a whistleblower is found to have made a false report intentionally, such conduct shall not be protected under this policy.</p> <p>No internal, external, or direct employee whistleblower reports were received in</p>	Comply with the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation Item	Implementation Status (Note 1)			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			2024.	
IV. Strengthening information disclosure (I) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company’s website and MOPS?	V		(I) The Company’s “Ethical Corporate Management Best Practice Principles”, “Procedures and Conduct Guidelines of Integrity Management” and “Code of Ethics” are disclosed on the MOPS. The ESG section, corporate governance and the implementation of integrity management are disclosed on the Company’s website.	No discrepancy.
V. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has formulated “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, “Ethical Corporate Management Best Practice Principles”, “Ethical Corporate Management Best Practice Principles”, “Employee Handbook”, “ Whistleblowing Management Guidelines” and “Administrative Measures on Employee Opinion Appeals” based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies. Every director and employee shall follow the rules and the operating conditions are in compliance.				
VI. Other important information to facilitate a better understanding of the Company’s ethical corporate management policies (e.g., review and amend its policies).: Please refer to the Company’s website (http://www.zenghsing.com.tw/csr/?lang=zh-hant) of ESG category and “ZHENG HSING ESG Report” for reviewing the results of ethical corporate management policy implementation.				

Note 1: Regardless of whether "yes" or "no" is selected for operational status, it should be described in the summary explanation field.

(7) Corporate Governance Guidelines and Regulations

Please refer to the Company website. (www.zenghsing.com.tw)

(8) Other Important Information Regarding Corporate Governance

A. The 19th Directors Continuing Education in 2024 (Course hours)

Date of the course Name of the course	Training Unit	Chairman	Director	Director	Director	Director	Director	Director	Independent	Independent	Independent
		CHIH-CHENG LIN	RUEYIHONG	SU-CHEN LIAO	CHIN-TAN LEE	MENG-CHUNGHO	PAO-SUNG CHANG	CHUNG-TING TSAI	YOUNG-YAW PAI	YUNG-SHENG	HUI-YU HUANG
12 April 2024 Corporate Governance and Sustainable Development Workshop	Taiwan Academy of Banking and Finance			3		3					
21 June 2024 Taiwan Industry Transformation Opportunities and Challenges under Geopolitics – Exclusive PMI / NMI Analysis	Securities and Futures Institute	3	3	3	3	3	3	3	3	3	3
20 September 2024 2024 Insider Trading Prevention Seminar	Securities & Future Institute										3
8 November 2024 Insider Trading and Corporate Governance	Securities and Futures Institute	3	3	3	3	3	3	3		3	
15 November 2024 2024 Insider Shareholding Transaction Compliance Seminar	Securities and Futures Institute								3		3
27 November 2024 International Standards and Domestic Legal Frameworks on Anti-Money Laundering, Counter-Terrorism Financing, and Counter-Proliferation Financing	ROCCPA										3
Total hours of classes		6	6	9	6	9	6	6	6	6	12

Note: Independent Director HUI-YU HUANG was newly appointed on 21 June 2024, and completed 12 hours of continuing education in 2024.

B. Continuing Education Status of Managers for the Year 2024

Title	Name	Course Name	Length of the curriculum	Period
Senior manager of Finance and Accounting Department (Head of Accounting Department)	TZU-HO CHUANG	Continuing Education Program for Accounting Officers of Issuers, Securities Firms, and the Stock Exchange	12	24 June 2024 to 25 June 2024
Section chief of Finance and Accounting Department (Accounting Supervisory Agent)	YI-WEI, HUANG	Interpreting Key Financial Information to Enhance Crisis Warning Capability	6	18 July 2024
		Latest Regulations on "Annual Reports / Sustainability Disclosures / Financial Statements" and Practical Internal Control Management	6	30 September 2024
Deputy General Manager of Audit Office	JIA-JUN XIE	Legal Risks in Corporate Management and How Internal Auditors Should Respond	6	18 July 2024
		Practical Training on Information System Audits	6	24 September 2024

B. Corporate Governance Executive Training in 2024:

Title	Name	Course Name	Length of the curriculum	Period
Senior manager of Finance and Accounting Department	TZU-HO CHUANG	Transformation Opportunities and Challenges for Taiwan Industries under Geopolitical Tensions – Exclusive PMI & NMI Analysis	3	21 June 2024
		Corporate ESG: Environmental, Social, and Governance – Judicial Case Studies and Legal Responsibility Analysis	3	24 June 2024 to 25 June 2024
		2024 Insider Trading Prevention Seminar	3	20 September 2024
		Insider Trading and Corporate Governance	3	8 November 2024

(9) Internal Control System

A. Statement of Internal Control System: Please refer to the Market Observation Post System (MOPS) at [<https://mops.twse.com.tw> > Listed Companies > Corporate Governance > Company Regulations/Internal Control > Internal Control System Statement Announcement]. Enter the year and company code to search for the internal control system statement.

B. Companies which CPAs professionally review the internal control system shall disclose the review report provided by the CPAs: None.

(10) Material resolutions of a shareholders meeting or a board of directors meeting during 2024 or during the current fiscal year up to the date of publication of the annual report:

1. Material resolutions from the 2024 Shareholders' Meeting and Implementation Status

Date	Category	Material Resolutions																				
21 June 2024	Shareholders' Meeting	1. The 2023 Business Report and Financial Statements. Implementation result: Approved.																				
		2. The 2023 surplus distribution. Implementation result: The ex-dividend base date was set on 9 August 2024 and the distribution date was set on 5 September 2024. (Cash dividend of NT\$3.8 per share will be distributed.)																				
		3. Approved the amendments to the “Procedures for Acquisition or Disposal of Assets” of the Company. Implementation result: The procedures have been carried out in accordance with the revised version and disclosed on the Market Observation Post System (MOPS) or the Company's website.																				
		4. Election of directors Election Results:																				
		<table><tr><td>List of elected directors</td><td>Number of votes</td></tr><tr><td>CHIH-CHENG LIN</td><td>88,912,238</td></tr><tr><td>CHUNG-TING TSAI</td><td>37,923,765</td></tr><tr><td>SU-CHEN LIAO</td><td>36,786,449</td></tr><tr><td>RUEI-YI HONG</td><td>36,564,214</td></tr><tr><td>CHIN-TAN LEE</td><td>28,034,972</td></tr><tr><td>MENG-CHUNG HO</td><td>27,841,259</td></tr><tr><td>HUI-YU HUANG</td><td>26,716,891</td></tr><tr><td>YUNG-SHENG HSU</td><td>26,254,422</td></tr><tr><td>YOUNG-YAW PAI</td><td>25,424,201</td></tr></table>	List of elected directors	Number of votes	CHIH-CHENG LIN	88,912,238	CHUNG-TING TSAI	37,923,765	SU-CHEN LIAO	36,786,449	RUEI-YI HONG	36,564,214	CHIN-TAN LEE	28,034,972	MENG-CHUNG HO	27,841,259	HUI-YU HUANG	26,716,891	YUNG-SHENG HSU	26,254,422	YOUNG-YAW PAI	25,424,201
		List of elected directors	Number of votes																			
		CHIH-CHENG LIN	88,912,238																			
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		MENG-CHUNG HO	27,841,259																			
HUI-YU HUANG	26,716,891																					
YUNG-SHENG HSU	26,254,422																					
YOUNG-YAW PAI	25,424,201																					

2. Material Resolutions from the Board of Directors:

Date	Category	Material Resolutions
8 March 2024	Board of directors	<p>1. Approved the financial statements and consolidated financial statements for 2023.</p> <p>2. Approved the issuance of the "2023 Statement of Internal Control" by the Company.</p> <p>3. Approved the adjustment of the Group's investment structure in response to the Controlled Foreign Company (CFC) regulations under Section 43-3 of the Income Tax Act.</p>

		<p>4. Approved a reduction in capital and a return of share monies by Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd., a wholly owned subsidiary of the Company.</p> <p>5. Approved the Company's remuneration for directors and employee remuneration for 2023.</p> <p>6. Approved the distribution of the Company's 2023 earnings.</p> <p>7. Approved the convening of the Company's 2024 Annual General Meeting of Shareholders.</p> <p>8. Approved the related matters concerning the shareholders' right of proposal in the 2024 general shareholders' meeting.</p> <p>9. Approved the election of directors for the Company.</p> <p>10. Approved the nomination of independent director candidates for the 2024 Annual General Meeting of Shareholders.</p> <p>11. Approved the nomination and consideration of director candidates by the board of directors of the Company.</p> <p>12. Approved the lifting of the restriction on non-competition for the elected directors of the 19th term of the Company.</p> <p>13. Approved the appointment of the Company's certified accountants, periodic evaluation of their independence and suitability.</p> <p>14. Approved the establishment of general principles for the pre-approval of non-assurance services policy within the Company.</p> <p>15. Approved the renewal of the Company's contract with Mega International Commercial Bank.</p> <p>16. Approved the amendment to the Company's "Board Meeting Rules and Regulations".</p>
8 May 2024	Board of directors	<p>1. Approved the consolidated financial statements for the first quarter of 2024.</p> <p>2. Approved the proposal to purchase ordinary shares of Turvo International Co., Ltd., a subsidiary, on the centralized market.</p> <p>3. Approved the renewal of the Company's contract with Ta Ching Bills Finance Corporation.</p> <p>4. Approved the renewal of the Company's contract with Bank of Taiwan.</p> <p>5. Approved the renewal of the Company's contract with E.SUN Commercial Bank.</p> <p>6. Approved the renewal of the Company's contract with Mega Bills Finance Co. Ltd.</p> <p>7. Approved the renewal of the Company's contract with CTBC BANK.</p> <p>8. Approved the proposed renewal of the Company's transaction contract with Taishin International Commercial Bank.</p> <p>9. Approved the renewal of the Company's contract with Chang Hwa Commercial Bank.</p> <p>10. Approved the Company's proposal to apply for endorsement guarantees from CTBC Bank for its wholly-owned investee "Zeng Hsing Industrial Co., Ltd. (Vietnam)".</p> <p>11. Approved the amendment to the Company's "Procedures for the Acquisition and Disposal of Assets".</p>
21 June 2024	Board of directors	<p>1. Approval of the appointment of the Chairperson of the 19th Board of Directors.</p> <p>2. Approval of the appointment of members to the 6th Remuneration Committee.</p>
08 August 2024	Board of directors	<p>1. Approval of the Company's consolidated financial statements for the second quarter of 2024.</p>

		<ol style="list-style-type: none"> 2. Approval of the Company's proposed purchase of common shares of subsidiary Turvo International Co., Ltd. on the stock exchange market. 3. Approval of the merger between the Company's subsidiary Zeng Hsing Industrial Co., Ltd. and Shinco (VN). 4. Approval of the Company's proposed execution of an industry-academia collaboration and academic contribution mechanism agreement with National Chung Hsing University. 5. Approval of the Company's 2023 Sustainability Report and the implementation status of the Sustainability Development Committee. 6. Approval of the renewal of banking engagement with Bank SinoPac. 7. Approval of the renewal of banking engagement with Taipei Fubon Bank. 8. Approval of the Company's application to Citibank (Taiwan) Limited (hereinafter referred to as "Citibank") for short-term credit facilities, foreign exchange and derivative trading limits, and a corporate credit card limit. 9. Approval of the amendment to the Company's "Procedures and Guidelines for Ethical Corporate Management and Conduct." 10. Approval of the amendment to the Company's "Audit Committee Charter."
08 November 2024	Board of directors	<ol style="list-style-type: none"> 1. Approval of the Company's consolidated financial statements for the third quarter of 2024. 2. Approval of the capital reduction and return of capital by Arcoris Pte Ltd., a wholly owned indirect subsidiary, to the Company. 3. Approval of the audit fee review for the Company's certified public accountants. 4. Approval of the Company's endorsement and guarantee for Zeng Hsing Industrial Co., Ltd. (Vietnam), a 100% owned investee, in connection with a loan application to Mega International Commercial Bank. 5. Approval of the Company's endorsement and guarantee for Zeng Hsing Industrial Co., Ltd. (Vietnam), a 100% owned investee, in connection with a loan application to Taipei Fubon Bank. 6. Approval of the Company's endorsement and guarantee for Zeng Hsing Industrial Co., Ltd. (Vietnam), a 100% owned investee, in connection with a short-term credit facility application to Citibank (as defined in the guarantee document). 7. Approval of the Company's endorsement and guarantee for Zeng Hsing Industrial Co., Ltd. (Vietnam), a 100% owned investee, in connection with a loan application to Bank SinoPac. 8. Approval of the amendment to the Company's "Procedures for Acquisition or Disposal of Assets." 9. Approval of the amendment to the Company's "Procedures for Loaning of Funds to Others and Making of Endorsements and Guarantees." 10. Approval of the amendment to the Company's "Corporate Governance Best-Practice Principles." 11. Approval of the amendment to the Company's "Ethical Corporate Management Best-Practice Principles." 12. Approval of the amendment to the Company's "Procedures and Guidelines for Ethical Corporate Management and Conduct."

		<ul style="list-style-type: none"> 13. Approval of the amendment to the Company’s “Code of Ethical Conduct.” 14. Approval of the amendment to the Company’s “Internal Audit Charter.” 15. Approval of the amendment to the Company’s “Internal Control System Guidelines.” 16. Approval of the amendment to the Company’s “Rules for the Election of Directors.”
24 December 2024	Board of directors	<ul style="list-style-type: none"> 1. Approval of the Company’s 2025 internal audit plan. 2. Approval of the Company’s 2025 business plan and budget. 3. Approval of the Company’s plan to repurchase common shares of its subsidiary, Turvo International Co., Ltd., through the stock exchange market. 4. Approval of the Company’s plan to sell 100% of its indirect holding in Jetsun Technology Co., Ltd. (Seychelles), including its investment in Jetsun Technology (Vietnam) Co., Ltd. 5. Approval to ratify the reappointment of the Company’s General Manager. 6. Approval of the remuneration for the reappointment of the Company’s managerial officer, TUNG-LIANG LIU. 7. Approval of the Company’s 2024 year-end bonus budget. 8. Approval of the amendment to the “Remuneration Management Measures for Directors and Managers” regarding independent directors’ compensation. 9. Approval of the regular review of the remuneration of directors and managing directors. 10. Approval of the regular review of managerial officers’ salary standards and structures. 11. Approval of the 2024 accrual ratios for employee compensation and director remuneration in the Company’s financial statements. 12. Approval of the amendment to the Company’s Articles of Incorporation. 13. Approval of the Company’s application to Citibank (Taiwan) for a short-term credit facility and foreign exchange and derivative trading limits. 14. Approval of the Company’s 2025 maximum financing limit with financial institutions. 15. Approval of the Company’s 2025 ceiling for acquisition or disposal of derivative financial products. 16. Approval of the 2025 ceiling for acquisition or disposal of derivative financial products by the Company’s investees. 17. Approval of the execution results and future plans of the Company’s Sustainability Committee. 18. Approval of the explanation regarding the transfer pricing audit for fiscal years 2020–2023 conducted by the Binh Duong Tax Department on the Company’s Vietnam subsidiary, Zeng Hsing Industrial Co., Ltd. (Vietnam).
07 March 2025	Board of directors	<ul style="list-style-type: none"> 1. Approval of the Company’s Statement on Internal Control System for 2024. 2. Approval of the Company’s 2024 standalone and consolidated financial statements. 3. Approval of the Company’s definition of grassroots employees.

		<ol style="list-style-type: none"> 4. Approval of the abolition of the “2P-HR-24 Performance Evaluation Measures for Directors and Managers” and its related forms. 5. Approval of the Company’s 2024 distribution plan for directors’ and employees’ compensation. 6. Approval of the Company’s 2024 earnings distribution plan. 7. Approval of the convening of the Company’s 2025 Annual General Shareholders’ Meeting. 8. Approval of matters regarding the acceptance of shareholder proposals for the 2025 Annual General Shareholders’ Meeting. 9. Approval of the report on the change of the Company’s certified public accountant. 10. Approval of the appointment and regular assessment of independence and competence of the Company’s certified public accountant. 11. Approval of the Company’s general policy on advance approval of non-assurance services. 12. Approval of the renewal of banking arrangements with MEGA International Commercial Bank. 13. Approval of the Sustainability Committee’s execution results and future work plan. 14. Approval of the amendment to the Company’s Articles of Incorporation.
09 April 2025	Board of directors	<ol style="list-style-type: none"> 1. Approval of the Company’s proposed sale of the land use rights and buildings (including infrastructure) owned by its wholly owned subsidiary, Shinco Technologies Ltd. (VN)
09 May 2025	Board of directors	<ol style="list-style-type: none"> 1. Approval of the Company’s consolidated financial statements for the first quarter of 2025. 2. Approval of the renewal of business engagement with Grand Bills Finance Corporation. 3. Approval of the renewal of business engagement with Bank of Taiwan. 4. Approval of the renewal of business engagement with E.SUN Commercial Bank. 5. Approval of the renewal of business engagement with Mega Bills Finance Co., Ltd. 6. Approval of the renewal of business engagement with CTBC Bank Co., Ltd. 7. Approval of the renewal of business engagement with Taishin International Bank. 8. Approval of the renewal of business engagement with Chang Hwa Bank. 9. Approval of the Company’s endorsement and guarantee for its wholly owned subsidiary, Zeng Hsing Industrial Co., Ltd. (Vietnam), in favor of CTBC Bank Co., Ltd. 10. Approval of the amendments to the “Regulations for the Supervision and Management of Subsidiaries.” 11. Approval of the amendments to the “Risk Management Policy.”

(11) Major Issues of Record or Written Statements Made by Any Director or Supervisor
Dissenting to Important Resolutions Passed by the Board of Directors: None.

2.4 CPA Professional Fee Range

Currency: NT\$ thousand

Accounting Firm	Name of CPA	Audit Period	Audit Fees	Non-audit Fees	Total	Remark
Ernst & Young	MING-HUNG CHEN	1 January 2024 to 31 December 2024	4,460	350	4,810	
	CHING-YA HUANG					

Non-audit services: NT\$350 thousand for tax compliance audit.

Note: Audit period and reasons for replacement should be stated in the table separately if the Company replaces the CPA firm or CPA. The information such as the audit and non-audit fees paid shall be disclosed in appropriate spaces in the table. Non-audit fees should be accompanied by a description of the services provided.

- (1) Replacing the audit firm and the audit fee paid to the new audit firm was less than the amount paid in the previous year: None.
- (2) Audit fee reduced for more than 10% year over year, the reduced amount, proportion, and reason should be disclosed: None.

2.5 Replacement of CPA

2.5.1 Regarding the previous CPAs

Date	Approved by the board of directors on 8 August 2023 for replacement with effect from the second quarter of 2023.		
Reason for change and explanation	To work in line with the competent authority to strengthen CPA independence and implement the accountant rotation mechanism. CPAs Ming-Hung Chen and Wen-Bi Yen, who were previously in charge of the Company's financial statement audits, will be replaced by CPA Ming-Hung Chen and CHING-YA HUANG in the second quarter report of 2023.		
Indicate whether the appointment is terminated or not accepted by the appointor or accountant	Criteria \ Parties	CPAs	Appointed person
	Proactive termination of appointment	NA	
	No longer accept (continued) appointment		
Opinions on audit reports issued within the last two years without qualification and reasons	None		
Disagreement with the issuer	Yes		Accounting Principles or Practices
			Financial Report Disclosure
			Scope or steps of verification
			Other
	No		
		✓	
	Explain		
Other disclosures (Items 1.4 to 1.7 of paragraph 6 of Article 10 of this Standard should be disclosed)	No		

Date	Approved by the board of directors on 7 March 2025 for replacement with effect from the first quarter of 2025.		
Reason for change and explanation	To work in line with the competent authority to strengthen CPA independence and implement the accountant rotation mechanism. CPAs MING-HUNG CHEN and CHING-YA HUANG, who were previously in charge of the Company's financial statement audits, will be replaced by CPA CHING-YA HUANG and WEN-CHEN LO in the first quarter report of 2025.		
Indicate whether the appointment is terminated or not accepted by the appointor or accountant	Parties		NA
	Criteria	CPAs	
	Proactive termination of appointment	Appointed person	
	No longer accept (continued) appointment		
Opinions on audit reports issued within the last two years without qualification and reasons	None		
Disagreement with the issuer	Yes		Accounting Principles or Practices
			Financial Report Disclosure
			Scope or steps of verification
			Other
	No	✓	
	Explain		
Other disclosures (Items 1.4 to 1.7 of paragraph 6 of Article 10 of this Standard should be disclosed)	No		

2.5.2 Regarding the succeeding CPAs

Accounting Firm	Ernst & Young
Name of CPA	CHING-YA HUANG
Date of Appointment	Approved by the board of directors on 8 August 2023 for replacement from the second quarter of 2023
Pre-appointment regarding the accounting treatment method or accounting principles for specific transactions, as well as the opinions and results that may be issued on the financial report	NA
Written opinions of the successor accountants on matters with which the predecessor accountants disagreed	NA

Accounting Firm	Ernst & Young
Name of CPA	WEN-CHEN LO
Date of Appointment	Approved by the board of directors on 8 March 2025 for replacement from the first quarter of 2025
Pre-appointment regarding the accounting treatment method or accounting principles for specific transactions, as well as the opinions and results that may be issued on the financial report	NA
Written opinions of the successor accountants on matters with which the predecessor accountants disagreed	NA

2.5.3 The previous CPA's response to the three items of Subparagraphs 1 and 2, Paragraph 6, Article 10 of the Guidelines Governing the Public Company's Annual Report: N/A.

2.6 The Company's Chairman, President, and managers in charge of its finance or accounting operations held positions in the Company's independent auditing firm or its affiliates in the most recent year: None.

2.7 Changes in Shareholding Percentages by Directors, Supervisors, Management and Shareholders with 10% Ownership or More

2.7.1 Changes in Shareholding Percentage of Directors, Managers and Major Shareholders

Please refer to the Market Observation Post System (MOPS) [<https://mops.twse.com.tw>] by navigating to: Summarized Reports > Changes in Shareholding/Securities Issuance > Shareholding/Pledge/Transfer by Directors, Supervisors, Managers, and Major Shareholders > Summary of Shareholding of Directors, Supervisors, Managers, and Major Shareholders. In the search interface, please select "Listed" under Market Category, "Electrical and Machinery" under Industry Category, and enter the desired year and month to retrieve the data.

2.7.2 Shares Trading with Related Parties:

Unit: New Taiwan Dollar (NTD); Shares

Name (Note 1)	Reason for Equity Transfer (Note 2)	Transaction Date (Note 3)	Counterparty	Relationship between Counterparty and the Company, Directors, Supervisors, and	Number of Shares	Transaction Price
RUEI-YI HONG	Disposition (gift)	2024.09.05	YU-TONG HONG	Father-daughter	25,000	96
CHUNG-TING TSAI	Disposition (gift)	2024.12.27	HUI-YU KO	Spouse	24,000	101
CHUNG-TING TSAI	Disposition (gift)	2024.12.27	PO-FAN TSAI	Father-son	24,000	101
HUI-YU KO (Spouse of director, CHUNG-TING TSAI)	Disposition (gift)	2024.12.27	PO-FAN TSAI	Mother-son	24,000	101

Note 1: Fill in the names of directors, supervisors, managers, and shareholders holding more than ten percent of the shares of the Company.

Note 2: Fill in acquisition or disposition.

Note 3: The transaction date is based on the reporting date.

2.7.3 Stock Rights Pledging with Related Parties: None.

2.8 The Information Show Name and Relationship between the Companies Top Ten Shareholders, or Spouses or Relatives within Two Degrees

The Information Show Name and Relationship between the Companies Top Ten Shareholders

Unit: shares

Name (Note 1)	Current Shareholding		Spouse's/ Children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
RUEI-YI HONG	1,984,129	2.98%	32,520	0.05%	0	0%	CHING-WEN HONG	Brother	
CHING-WEN HONG	1,432,540	2.15%	112,270	0.17%	0	0%	RUEI-YI HONG	Brother	
CHIH-CHENG LIN	1,033,080	1.55%	250,114	0.38%	0	0%	None	None	
MENG-CHUNG HO	1,029,261	1.55%	119,500	0.18%	0	0%	None	None	
Canxin Investment Co., Ltd.	962,369	1.45%	N/A	N/A	0	0%	YI-CHING TSAI	Chairman of Canxin Investment Co., Ltd.	

The Information Show Name and Relationship between the Companies Top Ten Shareholders

Unit: shares

Name (Note 1)	Current Shareholding		Spouse's/ Children's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees (Note 3)		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Canxin Investment Co., Ltd. YI-CHING TSAI	540,809	0.81%	0	0.00%	0	0%	1.CHUNG- TING TSAI 2.Canxin Investment Co., Ltd.	1. Sister and brother 2. Chairman of Canxin Investment Co., Ltd.	
CHUNG-TING TSAI	904,305	1.36%	582,636	0.88%	0	0 %	YI-CHING TSAI	Brother and sister	
SU-CHEN LIAO	845,774	1.27%	464	0.00%	313,300	0.47%	SHEN- LING LIAO	Brother and sister	
Universal Microelectronics CO., LTD.	792,986	1.19%	N/A	N/A	0	0%	SHEN- LING LIAO	Chairman of Universal Microelectroni s CO., LTD.	
Universal Microelectronics CO., LTD. SHEN-LING LIAO	419,592	0.63%	0	0.00%	0	0%	1. SU- CHEN LIAO 2. Universal Microelectro nics CO., LTD.	1. Brother and sister 2. Chairman of Universal Microelectroni s CO., LTD.	
Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	733,774	1.10%	N/A	N/A	N/A	N/A	N/A	N/A	
SinoPac Commercial Bank in Custody for Zeng Hsing Industrial Co., Ltd. Employee Stock Ownership Trust	728,323	1.09%	N/A	N/A	N/A	N/A	N/A	N/A	

Note 1: All the top 10 shareholders shall be listed. The names of corporate shareholders and the name of their representatives shall be listed separately.

Note 2: The shareholding percentage is calculated separately based on the number of shares held in the name of the person, his/her spouse and minors, and through nominee arrangements.

Note 3: Relationships between the aforementioned shareholders, including corporate shareholders and natural person shareholders, shall be disclosed pursuant to the Regulations Governing the Preparation of Financial Reports by Securities issuers.

2.9 Ownership of Shares in Affiliated Enterprises

As of 31 December 2024 Unit: Shares

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors or Managers		Total Ownership	
	Share	Percentage	Share	Percentage	Share	Percentage
Zeng Hsing Industrial Co., Ltd. (BVI)	10,250	100.00%	-	-	10,250	100.00%
Arcoris Pte Ltd.	7,000,000	100.00%	-	-	7,000,000	100.00%
Zorca Worldwide Ltd. (BVI)	64,700	100.00%	-	-	64,700	100.00%

Taiwan Cheer Champ Co., Ltd.	15,421,630	85.68%	-	-	15,421,630	85.68%
Jetsun Technology Co., Ltd (Seychelles)	1,200,000	100.00%	-	-	1,200,000	100.00%
Jetsun Vietnam Technology Co., Ltd.	-	100.00%	-	-	-	100.00%
Zeng Hsing Industrial Co., Ltd (VN)	-	100.00%	-	-	-	100.00%
Zeng Hsing Vietnam Trading Co., Ltd. (VN)	-	100.00%				100.00%
Shinco Technologies Ltd. (VN)	-	100.00%	-	-	-	100.00%
Taiwan Carbon Technology Co., Ltd.	1,774,999	19.53%	-	-	1,774,999	19.53%
Mitsumichi Industrial Co., Ltd.	1,378,000	53.00%	-	-	1,378,000	53.00%
FOREMOST GULF INTERNATIONAL CO., Ltd.(BVI)	15,000	30.00%	15,000	30.00%	30,000	60.00%
FOREMOST GULF INTERNATIONAL CO., LTD. (Vietnam)	-	100.00%	-	-	-	100.00%
Zeng Hsing Industrial Co., Ltd. Director Of Zhangjiagang Zeng Hsing Machinery & Electronics Co., Ltd.	-	100.00%	-	-	-	100.00%
Zhangjiagang Free Trade Zone Cheau Hsing Machinery & Electronics Co., Ltd.	-	100.00%	-	-	-	100.00%
Zhangjiagang Zenghsing Trading Co., Ltd.	-	100.00%	-	-	-	100.00%
Shanghai Debra Trading Company Limited	-	100.00%	-	-	-	100.00%
Turvo International Co., Ltd.	15,367,000	25.49%	-	-	15,367,000	25.49%
TIPO International Co., Ltd.(Samoa)	31,133,211	100.00%	-	-	31,133,211	100.00%
T&M Joint (Cayman) Holding Co., Ltd.	4,912,749	35.71%	1,841,777	13.39%	6,754,526	49.10%
Hong Kong Xinfeng Enterprise Limited	-	100.00%	-	-	-	100.00%
Matec Southeast Asia(Thailand) Co., Ltd.	216,276	99.99%	-	-	216,276	99.99%
Dongguan Xin Feng Hardware Machinery & Plastics Industry Ltd.	-	100.00%	-	-	-	100.00%
Turvo International Co., Ltd. (Zhejiang)	-	100.00%	-	-	-	100.00%
TUF Technology Co., Ltd.	90,000	100.00%	-	-	-	100.00%

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

III. Capital Overview

3.1 Capital and Shares

3.1.1 Source of Capital

A. Issued Shares

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT\$)	Shares	Amount (NT\$)	Sources of Capital (NT\$ thousand)	Capital Increased by Assets Other than Cash	Other
December 2008	10	55,000,000	550,000,000	43,464,809	434,648,090	Employee exercise the stock options in the amount of \$7,893	None	Note 1.
June 2009	10	55,000,000	550,000,000	43,478,809	434,788,090	Employee exercise the stock options in the amount of \$140	None	Note 1.
November 2009	10	55,000,000	550,000,000	46,978,809	469,788,090	Cash capital increase \$35,000	None	Note 2.
August 2010	10	55,000,000	550,000,000	48,388,173	483,881,730	Capital increase by retained earnings in the amount of \$14,094	None	Note 3.
December 2010	10	55,000,000	550,000,000	47,169,173	471,691,730	Treasury stock retired \$12,190	None	Note 4.
April 2012	10	65,000,000	650,000,000	51,669,173	516,691,730	Cash capital increase in the amount of \$45,000	None	Note 5.
July 2013	10	65,000,000	650,000,000	54,252,631	542,526,310	Capital increase by retained earnings \$25,835	None	Note 6.
December 2013	10	65,000,000	650,000,000	60,552,631	605,526,310	Cash capital increase in the amount of \$63,000	None	Note 7.
November 2018	10	85,000,000	850,000,000	60,535,631	605,356,310	Treasury stock retired \$170	None	Note 8.
November 2022	10	85,000,000	850,000,000	66,535,631	665,356,310	Cash capital increase in the amount of \$60,000 thousand	None	Note 9

Note 1: Jin-Guan-Cheng-Yi-Zi No. 0930152723 on 23 November 2004.

Note 2: Jin-Guan-Cheng-Fa-Zi No. 0980052873 on 16 October 2009.

Note 3: Jin-Guan-Cheng-Fa-Zi No. 1000031461 on 7 July 2011.

Note 4: Jin-Guan-Cheng-Jiao-Zi No. 1000053979 on 4 November 2011.

Note 5: Jin-Guan-Cheng-Fa-Zi No. 1010008472 on 21 March 2012.

Note 6: Jin-Guan-Cheng-Fa-Zi No. 1020024504 on 25 June 2013.

Note 7: Jin-Guan-Cheng-Fa-Zi No. 1020046047 on 22 November 2013.

Note 8: Jin-Guan-Cheng-Fa-Zi No. 1040044669 on 9 November 2015 (Because it is not transferred to the employee within 3 years from the date of purchase, it is cancelled.)

Note 9: Jin-Guan-Cheng-Fa-Zi No. 1110357685 on 5 October 2022.

B. Type of Stock

Share Type	Authorized Capital			Remarks
	Issued Shares	Unissued Shares	Total Shares	
Registered common shares	66,535,631	18,464,369	85,000,000	Listed shares, 5,000,000 shares of which are reserved for share subscription warrants, preferred shares with warrants, or warrant bonds.

C. Information relating to shelf registration system: None

3.1.2 List of Major Shareholders

As of 15 April 2025 Unit: Shares

Shareholder's Name	Shareholding	Shares	Percentage
RUEI-YI HONG		1,984,129	2.98%
CHING-WEN HONG		1,432,540	2.15%
CHIH-CHENG LIN		1,033,080	1.55%
MENG-CHUNG HO		1,029,261	1.55%
Canxin Investment Co., Ltd.		962,369	1.45%
CHUNG-TING TSAI		904,305	1.36%
SU-CHEN LIAO		845,774	1.27%
Universal Microelectronics CO., LTD.		792,986	1.19%
Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds		733,774	1.10%
SinoPac Commercial Bank in Custody for Zeng Hsing Industrial Co., Ltd. Employee Stock Ownership Trust		728,323	1.09%
Total		10,446,541	15.70%

3.1.3 Dividend Policy and Implementation Status

A. Dividend Policy:

The Company operates in the traditional industry. It's life cycle is at maturity stage with stable profit and sound financial structure. In addition to be complaint with the Company Act and the Company's Articles of Incorporation, the Company determines its dividend distribution according to the capital planning and operation performance. The principle is to maintain a stable and balanced dividend policy. The board of directors will propose the earnings distribution (cash dividend or stock dividend) method and amount according to the operating performance, financial status and capital planning before the shareholders' meeting, but at least 50% dividends are paid out to shareholders, and the cash dividend ratio is not less than 30% of the total dividend. However, when the Company has no surplus, no dividend will be distributed.

B. Proposed dividend distribution at the shareholders' meeting:

2024 earning distribution was approved by the board of directors on 7 March 2025. The proposed distribution approved at the board meeting is as follows: Cash dividend in the amount of \$399,214, at \$6 per share. The proposal is pending approval at the 2025 shareholders' meeting.

C. The Company did not expect any major changes to the dividend policy.

3.1.4 Effect of stock grants planned at current shareholders' meeting on business performance and EPS: None.

3.1.5 The compensation of employee, directors and supervisor:

- A. The Articles of Incorporation sets forth the ratio of and qualifications to receive compensation of employee, directors and supervisor:

If the Company is profitable, it will set aside 2% to 6% as employee bonus, and no more than 4% as remuneration to directors and supervisors. However, if the Company suffers loss, it will make up for the loss first. Employees' compensation may be distributed through shares of the Company or cash. The resolution shall be agreed by the majority of directors present at the board meeting with more than 2/3 of board members attending the meeting and report the resolution shall be report to the shareholders' meeting.

Employees who may receive share or cash dividend include those who are employees of affiliated companies meeting certain requirements.

- B. The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period: None.
- C. The Company's 2024 surplus distribution plan was approved by the board of directors on 7 March 2025. The board of directors approved the proposed distribution as follows:
- a. Employee profit and remunerations for directors the distribution of employee profit and remunerations for directors were passed by the board on 7 March 2025. According to the Company's Articles of Incorporation, NT\$20,000 thousand will be distributed as employee compensation, and NT\$8,250 thousand as director compensation.
 - b. Employee remunerations distributed in stock and their ratio in the after-tax income indicated in the entity financial statement of the current term and their ratio in the overall remunerations assigned to employees: No stock compensation was distributed to employees this year.
- D. The actual distribution of employee and director compensation for the previous fiscal year (including the number of shares distributed, monetary amounts and stock price), and, if there is any discrepancy between the actual distribution and the compensation recognized, the difference, reason

and the treatment:

- a. The Company distributes compensation to employees at NT\$12,000 thousand, director and supervisor at NT\$4,000 thousand.
- b. The actual compensation distributed, and the amount proposed by the board of directors: There was no significant discrepancy between the actual amount distribution and the amount recognized.

3.1.6 Buyback of Common Stock: None

3.2 Bonds: None.

3.3 Preferred Shares: None.

3.4 Global Depository Receipts: None.

3.5 Employee Stock Options

- (1) The employee stock options the Company issued and were valid have all been exercised.
- (2) As of the printing date of the annual report, names of managers who attain employee stock options, and employees who attain the top ten numbers of stock option in the amount of over NT\$30 million and the acquisition: None.

The new restricted employee shares:

- (1) The Company did not issue new restricted employee shares.
- (2) As of the printing date of the annual report, names of managers who attain restricted employee shares, and employees who attain the top ten numbers of restricted shares: None.

3.6 Status of New Share Issuance in Connection with Mergers and Acquisitions None.

3.7 Financing Plans and Implementation: None.

IV. Operational Highlights

4.1 Business content

4.1.1 Business Scope

A. The main content of the Company's business

- (A) The Company manufactures household sewing machines, sewing machine related parts, aluminum alloy die-castings, vacuum cleaner,

and vacuum cleaner related parts and sales in the domestic market and foreign market.

(B) The Company handles general export trade and import trade and agency for the quotation and bidding business of products of domestic and foreign manufacturers that related to the preceding item. (Except those that are subject to special approval.)

(C) Processing, manufacturing, and trading of precision metal components for industries such as the automotive, medical, industrial, and bicycle industries. These activities are operated by the subsidiary, Turvo International Co., Ltd. (hereinafter referred to as "Turvo International"), in which the Company holds a 25.49% equity interest as of 31 December 2024. For further details, please refer to Chapter V of Turvo International's 2024 Annual Report for operational overview.

B. Company's Current Major Products

Currency: NT\$ thousands

Major Products	2023		2024	
	Amount	%	Amount	%
Sewing Machines	3,646,747	48.25%	4,099,884	49.18%
Vacuum Cleaners	101,001	1.34%	93,539	1.12%
Precision Metal Parts	3,337,485	44.16%	3,658,705	43.88%
Other	473,044	6.26%	485,099	5.82%
Total	7,558,277	100.00%	8,337,227	100.00%

C. What Zeng Hsing offers

The Company has provided troubleshooting and technical training to its domestic and foreign agents. This is to allow Zeng Hsing's domestic and foreign agents to understand the full functionality and uses of their products. Also, tutorials for its customers help them understand how the product can be used most effectively in their own home.

D. The Company's Current Products and Upcoming Products

(A) Current Product

The Company currently manufactures sewing machines, household vacuums, and related parts. Other than the domestic demand, the majority of the demand for products is overseas. To enhance the Company's competitiveness, Zeng Hsing attends many exhibitions worldwide. For example, the International Hardware Fair Cologne, Dubai Exhibition, El Salvador International Business exhibition, China International Sewing Machinery & Accessories Show, and other international exhibitions.

(B) Plans for Future Products

The Company aims to integrate microcomputer and electromechanical technology to improve product quality and functionality. The Company aims to research and develop more portable products and professional sewing machines.

4.1.2 Industry Overview

A. Current situation and development of industry

Sewing machines are a form of garment machinery. The machines are intensively used in the manufacturing process of cutting and sewing. It's used mostly to manufacture clothes, shoes, hats, handbags, etc. There are two types of sewing machines: domestic or industrial, depending on the requirements of the user. Industrial sewing machines require higher speed, high precision, reliability, durability, and unitary, etc. For home models, the emphasis is put on multifunctionality, portability, usability, standard appearance, and price. The focus of the development of household sewing machines is to simplify the mechanics and increase multifunctionality and automation. There is also a greater focus on integrating sewing machines with microprocessors to allow broader use for the machines. About the sales regions, the manufacturing plants for the sewing machines are located, nearby customers. This means that customers' proximity to the manufacturer allows for better post-sale maintenance and service.

In terms of product purpose, industrial sewing machines are single model machines. They are manufactured to meet the special requirement, fast, low noise, high precision, durable, and stable. The basic models are flat sewing machines and overlock sewing machines. While the household sewing machines are multifunctional, portable, and easy to use, suitable for everyday household tailoring.

Household sewing machines are technology and labor-intensive industry. Taiwan after years of hard work has reached a considerable scale. Aside from a few Japanese factories: JANOME, BROTHER, and HAPPY who have their own brands, most Taiwanese manufacturers operate under the ODM and OEM model. Most Japanese brands manufacture sewing machines that are outsourced by their parent companies. The outsourced products accounted for most of the domestic market. The manufacturers that are mainly owned by Taiwanese operators, for example, Zeng Hsing, SUNBEEN, SEWMASTER, PROCHEM PACIFIC, MERRYLOCK, and MITSUMICHI, have concentrated sales, which is due to competition between brands. Some of their ODM manufacturers may be the same but do not account for a large portion, or the ODM models are different.

Taiwanese sewing machines have always been mainly exported. The United States has steadily been the number one export destination. In 2024, the United States accounted for 26.58% of all exported sewing machines followed by Japan, Germany, United Kingdom, Australia and other countries. This indicates that the Company's sewing machines possessed high quality and value to receive recognition and affirmation from overseas sales.

Overall, the sewing machines are heading towards the middle price spectrum. From 2022 to 2024, the top 5 export destinations accounted for 67.51%, 65.14% and 63.61% of all exports in their respective years. The Company can monitor whether it can keep up with the American, Japanese, and European market demands as shown below:

Table of top 5 Countries for Taiwan Household Sewing Machine Exports from 2022 to 2024

Currency: NT\$ thousands

Rank	2022			2023			2024		
	Country	Amount	%	Country	Amount	%	Country	Amount	%
1	U.S.A.	850,313	32.59%	U.S.A.	676,935	28.01%	U.S.A.	561,214	26.58%
2	Japan	433,942	16.63%	Japan	398,705	16.50%	Japan	307,203	14.55%
3	Germany	238,063	9.12%	Germany	215,225	8.91%	Germany	221,501	10.49%
4	Australia	120,690	4.63%	Netherlands	144,541	5.98%	U.K.	128,086	6.07%
5	Russia	118,591	4.54%	Estonia	138,667	5.74%	Australia	124,866	5.91%
	Total	1,761,599	67.51%	Total	1,574,073	65.14%	Total	1,342,870	63.61%

Information Resource: Customs Administration, Ministry of Finance

Note: The statistical information includes export and re-export.

Since 1980, the government heavily promoted the information electronics and precision machinery industries to improve the industry structure and to replace the more labor-intensive industries, such as textiles, garments, and shoemaking. As the manufacturing environments changed, it was unsuitable for labor-intensive businesses to develop in Taiwan. The domestic textile industry shrunk, and production moved mainly to Vietnam. Therefore, the domestic demand for industrial and household use sewing machines started to show a downward trend.

In Taiwan, the sewing machine industry mainly produces household sewing machines, with only a few manufacturers engaging in the production and sales of industrial sewing machines.

The export amount of Taiwan sewing machines Comparison table of 2023 and 2024

HS Description		AMOUNT (NT\$ thousands)		
		2023	2024	Different Percent (%)
845210	Household Sewing Machine	2,416,626	2,111,152	-12.64%

Information Resource: Customs Administration, Ministry of Finance

Note: The statistical information included export and re-export.

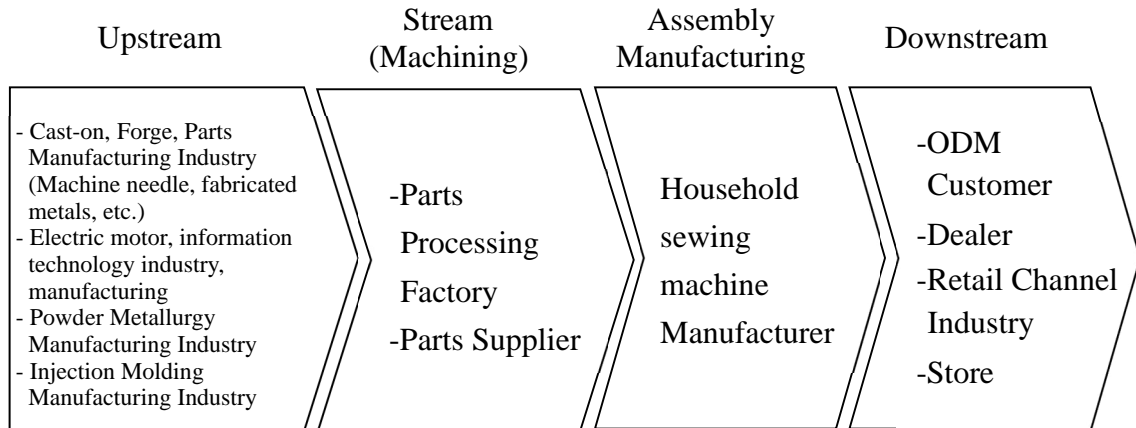
B. Association of upstream, mid-stream, and downstream industries

We offer a variety of sewing machines and though the basic operating principle is not very different, the machines are composed of hundreds of parts and the mechanisms are just as complicated.

Mechanical sewing machines use CAM to produce a variety of patterns but the number of patterns that can be produced is limited. These machines and mechanisms require a high level of precision and complexity.

Computer-based machines use stepping motor to drive and generate patterns. This type of machine is easy to make. The number of patterns available relies on the memory space in the machine. In theory, if there is enough memory, the number of patterns is unlimited.

The Company's relationship with the chain is shown below:



C. Development trend of products and market competition

Since the sewing machine was invented, the structure of the machines has not changed much. In recent years, the sewing patterns has become more intricate and diversified along with the development of technology. In household use, the popularity of fast fashion requires continuous change in design and thus computerized models are in increasing demand. In the future, the sewing patterns are expected to be more intricate taking advantage of the internet and computer technology. The use of the machine will be a step closer to a 'printing sewing machine'.

Household-use machine development aims to achieve automation, simplify the mechanical structure, increase multi-functionality and in particular, develop components with computer parts such as microprocessors and feed monitors, which is full of potential for development. Tradition machines are limited to 30 patters, whereas with computerized models, the options are ultimately limited. Since the use of technology can improve functionality so well, household models are able to reach similar capabilities to that of industrial models. Automated machines offer a large number of functions and as a result can produce higher value in the market.

Currently the domestic market has higher demand for household-use machines. Apart from Zeng Hsing, there are other Taiwanese companies such as Xun Jia, Guang Bai, Chang Yu, and Mitsumichi Industrial Co., Ltd, and Japanese-invested companies such as Janome, Brother, Happy, etc. In the international market, the major companies are SVP Group(U.S.), Janome(Japan), Brother(Japan),

Bernina(Switzerland), Juki(Japan), Jaguar(Japan) and Fei Yue(China), Heng Qiang(China) and Wan Wei(China). SVP, Janome, Brother, Bernina, Juki and Jaguar are better-known manufacturers who have their own brands and marketing channels. They are still engaged in higher-margin models. Janome, Brother, Happy, Ruilang were reinvested by and established by Japanese companies in Taiwan. In addition to manufacturing products outsourced by the parent company, they also manufacture products for other globally-renowned companies. Xun Jia, Fei Yue, Wan Wei, Heng Qiang, and other manufacturers mainly operate under the ODM or OEM model.

The product development trend in the industry is as follows:

- (A) Automatic thread sewing and automatic thread replacement
- (B) Feeding mechanism that can reduce the problems of poor cloth feeding and sewing failure
- (C) Machines that can be more widely used for various materials
- (D) High-quality embroidery systems with input functions such as photos or paint.
- (E) Provide multiple forms of user services
- (F) Improve human-machine interface functions, such as dialog capabilities with high-function display
- (G) Strengthen mechanical and technological integration technology and development combining computer network or memory card.

In terms of competitiveness in the sewing machine industry among various countries, Japanese manufacturers have a higher market share due to their complete product lines and stable quality. The machines manufactured in China have a lower quality, sales price and profit. As a result, quality is a big part of the price of the product. Based on the current condition of the Taiwanese manufacturers, they need to take advantage of the pricing competitiveness, enhance their technology level and completeness of the product lines if it hopes to exceed Japanese standards.

4.1.3 Technology and R&D Overview

A. Research and development expenses for the most recent year and as of the printing date the end of the annual report:

Currency: NT\$ thousands

Year	2024	As of 30 April 2025
Price of R&D	372,659	42,972

B. Successful Developments

Year	Result of Research
2023	QD61AP (Dual-Belt Mechanical Sewing Machine) H10Q (Horizontal Full-Rotation Computerized Sewing Machine) H7XH (Horizontal Full-Rotation Computerized Sewing Machine) QBxxA (Horizontal Full-Rotation Mechanical Sewing Machine) CJ04BX (COMBO Computerized Embroidery and Sewing Machine) H11J / H21J (Horizontal Full-Rotation Computerized Sewing Machine) QXXNST (Horizontal Full-Rotation Mechanical Sewing Machine)
2024	H7XJ(S) (Horizontal Full-Rotation Computerized Sewing Machine) HXXR (Horizontal Full-Rotation Computerized Sewing Machine) QM20AE2 (Horizontal Full-Rotation Electronic Sewing Machine) H72H / H75H (Horizontal Full-Rotation Computerized Sewing Machine) H21L (Horizontal Full-Rotation Computerized Sewing Machine) H43E (Horizontal Full-Rotation Computerized Sewing Machine)

4.1.4 Long-term and Short-term Business Development

To respond to the future industrial development and the overall economic environment trends, the Company formulates long-term and short-term plans to guide the future direction of the Company's operations and thus enhance competitiveness. The following is a brief description of our short- and long-term plan.

A. Short-Term Business Development Plans

(A) Marketing Strategy

Strengthen existing product lines, cooperate with new product promotions and image building and continue to use the original channels to achieve synergy, develop new marketing channels to expand niche markets and overall market share.

(B) Production and Operation Strategy

a. Production Strategy: In response to the business environment, effectively utilize the production base in China and Vietnam, and as a result increase product quality management.

- b. Purchasing Strategy: Gauge shifts in the business climate and market demand and adjust inventory according to the market. Avoid having to risk price fluctuation for slow moving inventory.

(C) R&D Strategy

Expand the size of the organization in order to accelerate the development of new products, Develop R&D staff to enhance talent pool.

(D) Operation Management and Financial Planning

The Company introduced the ERP and MES information system for more efficient and accurate collection of information. Other goals include strengthening after-sales service to maintain long-term business relationships with customers, ensuring that the Company maintains stable profits, a healthy financial accounting management system to manage the Company's funding planning, and provide comprehensive information for departments of the Company to improve their performance.

B. Long-Term Business Development Plans

(A) Marketing Strategy

- a. Improve product image and value
- b. Innovatively launching a variety of new products to meet the needs of different consumer groups
- c. Plan more diversified marketing channels to launch products
- d. Strengthen technical support for customers
- e. Establish a long-term sales network to generate synergy from different products

(B) Production and procurement Strategy

- a. Establish a flexible production process to regulate production capacity and shorten production cycles.
- b. Respond quickly to the market as changes in demand can increase risk of stockpiling, therefore creating slow moving inventory.
- c. Maintain a good long-term relationship with upstream entities to obtain a stable source of supply and bargaining space for procurement, thus allowing for a competitive advantage in procurement costs.

(C) R&D Strategy

- a. Integrate industry, government and academia to develop key component
- b. Plan core products based on product development trends
- c. Establish the Company's own key technology and patents
- d. Continue to invest in the R&D of next generation products in order

- to pursue technological advantages
- e. Establish modular and standardized development techniques in order to reduce development and research time, reduce cost and increase number of new products.

(D) Operation Management and Financial Planning

- a. To meet the needs of operational growth, expand into new overseas marketing channels and build a global marketing network
- b. Create a sound management system
- c. Implement an operating philosophy within the Company
- d. Create an outstanding work culture
- e. Strive for the vision of a sustainable development
- f. Strengthen the financial structure through diverse financing channels in the capital market to bring about growth across the Company
- g. Improve the Company's financial team and overall brand.

(E) Human Resources

- a. Recruit and train senior management and technical staff at all levels to meet the long term domestic and foreign demand
- b. Enhance the training for employees' diversified skills
- c. Use human resources effectively
- d. Improve the overall industry competitiveness

4.2 Market and Sales Overview

4.2.1 Market Analysis

- A. Analyze the sales (provided) regions of the Company's main products (services)

The Company is mainly export-oriented, and the net sales in 2023 and 2024 were NT\$7,558,277 thousand and NT\$8,337,227 thousand, respectively.

Countries	2023	2024
China	2,088,633	2,254,021
Germany	527,980	816,996
U.S.A.	779,270	789,208
Turkey	493,558	627,827
Taiwan	345,141	446,950
Russia	390,991	409,509
India	287,597	260,242
Others	2,645,107	2,732,474
Total	7,558,277	8,337,227

B. Market Share

At present, the household sewing machine market is mainly in higher-earning regions such as Western Europe, North America, Japan, and Australia, etc. In terms of sewing machine export market Europe has been the number one destination for Zeng Hsing Group, followed by Asia, North America and Central and South America. Overall, Taiwan exported the sewing machines are heading towards in the middle of the price range spectrum. From 2022 to 2024, the top 5 export destinations accounted for 67.51%, 65.14%, and 63.61% of all exports in their respective years. In addition to the lower product prices than the major Japanese manufacturers, the high quality and outstanding after-sales service allowed Taiwan's household sewing machine industry to occupy a certain position in the global market.

Domestically, the Company is the largest household sewing manufacturer and supplier. Other manufacturers include Janome and Brother. The Company's product mainly is a household type sewing machine and the competitive advantage is the Company's understanding of customer demand, the ability to control related-technology, and good command of the organization. The development of household computer sewing machines has established basic software electronic control capabilities, which will be actively integrated to develop high value-added products.

C. Future Supply and Demand Conditions and Growth of the Market

The main uses of sewing machines are sewing household clothes, tablecloths, tapestry and home accessories. As national income increases, home decorations receive more attention in households. Sewing machines are continuously upgraded to be more multi-functional and convenient and the use is no longer limited to sewing and repairing garments. They can be used to make handbags, table mats, table towels, bed sheets and curtains. The demand for these products also continues to grow, which is favorable for the overall market growth in the future. Moreover, as a result of the economic growth in China, Indonesia and the third-world countries, which are also densely populated regions, the residents in these nations are looking to improve their quality of life therefore low-price range products are growing popular. In Europe and the US where there are aging population and focus on improving quality of life through leisure activities, the demand for sewing machines is increasing too.

In recent years, the emerging markets such as China, Russia, Eastern Europe, the Middle East, India and South America, have increasing demand for low-price range products as a result of the rapid economic development, higher national income and dense population. In markets like these, there is great potential. Computerized sewing machines are highly regarded in the market for their automatic thread tension adjustment function, LCD display function, and more. Smart computerized embroidery sewing machines can utilize microprocessors, mobile applications, and software to enhance functionality. They not only achieve high-quality embroidery comparable to industrial sewing machines but also greatly improve applicability and ease of operation. This integration of sewing and daily life is expected to create even more growth opportunities in the future market.

D. Niches in competition

(A) Forward looking business philosophy

The Company adheres to the principles of “honesty, teamwork, innovation, and community wellbeing” and instructs employees to be realistic while maintaining enthusiastic at Company holds the philosophy of searching for the truth, Ask the employee to have enthusiasm for work to which can help gain trust from the customers and coworkers partners. The employees will utilize their professionalism and continue to integrate the resources provided and strive for innovation. On one hand, the Company is to cultivates talents and on the other hand, it is to innovate innovation helps and to establish a stable operation.

(B) Professional ODM Factory, Product Line Completeness

Zeng Hsing has more than 50 years of valuable experience in the production and sales of household sewing machines. The production lines are flexible allowing for adaptation to the market when needed. The Company successfully changed from OEM to ODM format, and the customization capability was strong and thus was well-recognized in the industry globally.

The Company produces a wide variety of household sewing machines with a complete product line, ranging from low-priced mechanical models, overlock machines, to high-priced computerized embroidery sewing all-in-one machines. Regardless of product quality, functionality, or price, they are all highly competitive, satisfying the needs of different market customers, sales channels, and end consumers.

- (C) Established a complete supply chain, effectively control raw materials or cost and ensure supply stability

The Company's management team has deeply cultivated the production of household sewing machines. As a result, the Company has accumulated a complete set of upstream key components from reliable suppliers. The Company aims to keep healthy relationships with suppliers to form a stable and close relationship between the best production and sales partners, which overall will help control costs and ensure supply stability.

- (D) Manufacturing Capability of China and Vietnam

Household sewing machines are a labor-intensive industry, and as a result of the rising domestic labor price, the Company invested in China and Vietnam in 1998 and 2005 respectively. The move aimed at achieving cost-effectiveness and division of labor and thus increasing production capacity and greatly enhancing the economy of scale and efficiency. In 2007, the Company invested in Vietnam to set up a die-casting factory to produce aluminum alloy metal parts to gain more competitive advantage.

- (E) Improving R&D Innovation and Technology Application

The Company is focused on research and development and continuously invests in product development and quality improvement every year. The R&D teams conduct development and work using 3D design, modular design and a collaborative design platform. Hence, the Company introduced a PLM system as a product life cycle management system. The Company plans to utilize its collaboration with the industry, government and academia to develop new technology. These technologies include technological capabilities and components design to improve the technology level to produce advanced computer based sewing machines, providing high priced and high value products.

In response to the APP market trend, the Company's R&D team created an embroidery design APP that allows users to design embroidery on a phone or tablet, as well as WiFi connection technology that will enable users to transfer embroidery drawings to the embroidery machine via WiFi quickly. In addition, the Company has created a number of high-speed models to meet customer demands to bring the products closer to consumers' lives and increase customer stickiness.

(F) Product quality ensures customer satisfaction and therefore having long-term clients

The Company keeps track of developments of the industry through its strong manufacturing experience and operation capability. We aim to introduce new products to the market, meet consumer needs in real time and work closely with customers in order to understand customer needs, special specifications and production quality. Currently, the brand is leading in the industry in terms of number of customers globally and therefore we can create long-term partnerships with our customers. The Company has been working with US customers for more than 20 years and Japanese, North American and Swiss customers for nearly 40 years. We are confident we can keep constant growth of the Company.

(G) Sound Management Standard

In order to maintain effective operation of various business activities, a sound internal control system is implemented. In 1993, the Company received the ISO9002 quality certification, becoming Taiwan's first company to be certified. In 2002, the Company received ISO9001:2000 quality management certification. With the continuous growth of the organization, the Company utilizes its internal resources available to strengthen corporate structure and works towards a complete resource management structure, aiming to significantly improve the Company's operating structure. In 2007, the Company completed the ISO14001 environmental management certification. This means that the Company complies with EU environmental management. In 2011, the Company received TOSHMS&OHSAS18011, an occupational health and safety certification. In 2016, the main office in Taiwan received certification of renewed versions of ISO 9001 quality systems and ISO 14001 (2015 version) environmental management system. In response to the revision of OHSAS 18001:2007, the Company obtained ISO 45001:2018 Occupational Health and Safety Management System certification in 2020.

E. Pros and cons to development and responsive measures

(A) Pros

a. Improvement of national income and quality of life

With the high level of national income, home decorations will receive more attention in households. The functions of sewing machines are continuously developing to become more diversified and user friendly. The use of sewing machines is no longer limited to making items of clothing or for professional use. Non-professionals can make their own handbags, tablecloths, bedsheets, curtains and whatever else they require. With the increasing popularity and creativity of embroidery functionality, sewing crafts are becoming more widely applied, enhancing the enjoyment of life and creating various business opportunities.

This trend is a favorable factor for promoting future overall market growth.

b. Low price strategy can stimulate market demand and economic growth in emerging regions

The domestic sewing machine market is mostly concentrated in Europe, the US and Japan. Domestic sewing machine retailers struggled when faced with customers who experienced economic depression, salary cuts and layoffs. For budget-conscious consumers, many vendors have adopted low prices to meet market demand. Demand for low- and mid-priced models has increased. In recent years, China, India and the third world countries have seen economic development and as a result they look to improve their livelihoods. Thanks to the economic development, the demand of low to medium priced sewing machines has also grown. The Company has comprehensive production lines and produces low to mid-priced models for both functionality and quality, which greatly meet consumer needs. The Company also uses a triangular marketing plan, operating at production bases allows for more flexible allocation and effective cost control which makes these models very competitive which makes these models very competitive, as a result, there is an increase in demand for mid to low-priced models in the market, favorable for the Company's future development.

c. Raw Material Supplier Network

The Company's management team has been involved in the industry of sewing machine products for decades. It was over a long period of time that the key suppliers were connected to form a sincere and close partnership with these suppliers. The Company's raw materials suppliers are vital as when there are changes in the economic environment of the industry, it is down to these partnerships that the Company is able to control cost and guarantee stock for the customers.

d. Overseas Factories and Global Division of Labor

The Group's focus is on Taiwan as the center for product research and development, design, and overall operational coordination. Additionally, the Group has production bases in Taiwan, mainland China, and Vietnam, allowing for flexible scheduling and optimal capacity allocation. Overseas production bases are essential for the manufacturing, outgoing shipments and human resources in overseas sites are mature, which boosted the Company's overall competitiveness against other companies.

(B) Cons

a. Difficulty in creating a self-owned brand and marketing this brand.

As household sewing machines market channels are controlled by the larger brands, new products are hard to establish as customers are more accepting of brands they are familiar with. Japanese manufacturers have had good brand marketing, however most of

their sales are within Japan. These brands struggled in the European and American sewing machine markets due to high cost and requires long-term operation of branding and establishing marketing channels. As a result, the Company currently operates the international manufacturer ODM model. The Company has entered the mainland China market to understand the markets access points while also actively training sales staff. Additionally, The Company will continue to increase the size of the R&D team and develop new product features to quickly respond to consumer needs and trends.

b. Competitors price

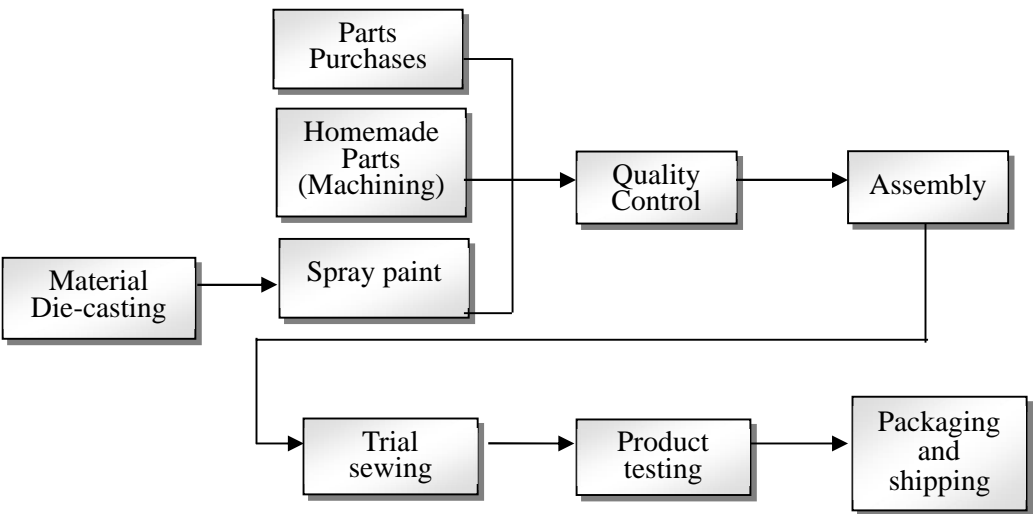
Household sewing machines have already matured as a product and the market competition is saturated. When faced with customers with bargaining power and pricing pressure from competitors, the industry has now entered a micro-profit age. Apart from providing the customer with high quality and competitively priced products, manufacturers have to put themselves in customers’ shoes to understand the needs of the customer, develop products that are suitable for the market, assist branded customers in acquiring orders from channel distributors, create customer value and provide a variety of customer service. Similarly, the Company needs to enhance its competitive in quality through increasing variety of product lines.

4.2.2The products application and production process

A. The products application

- Household Sewing machine: Sew clothing, tablecloths, tapestries, and other home accessories.
- Household vacuum cleaner: Clean carpets and floors.

B. Production process



4.2.3 Supply status of main raw materials

The Company has a complete satellite factory system, and most of the raw material suppliers are concentrated near the production factory and have good cooperative relations, so the supply of main raw materials is stable.

Main Raw Materials	Main Suppliers	Situation
Presser Foot	Yu Hsing	Good
Placode	Li Yuan/Zheng Tong	Good
Motor	Jin.Yaun / Fang Zheng	Good
Punch	Hua Sheng Wu Jin/ Cyuan Sheng/ Li jia	Good
Aluminum Ingot	Xin Guang / Ysng Sin	Good
ABS Plastic	Tai Long / Hui Ye	Good

4.2.4 Suppliers/customers who accounted for 10% or more of total purchase (sales) in one of the last two fiscal years and analysis of changes

A. Major Suppliers in the Last Two Calendar Years

Currency: NT\$ thousands; %

Item	2023				2024				Q1 of 2025			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer
1	Company A	211,404	6.02%	N/A	Company A	238,546	5.67%	N/A	Company A	59,703	5.74%	N/A
2	Others	3,301,920	93.98%	-	Others	3,968,560	94.33%	-	Others	979,958	94.26%	-
	Net Purchase	3,513,324	100%		Net Purchase	4,207,106	100%		Net Purchase	1,039,661	100%	

Note 1: The name of the supplier with more than 10% of the total purchase amount in the last two years and the amount and proportion of the purchase are listed, however the names are coded because the contract provides that the supplier's identity shall not be revealed and the same shall apply if the transaction counterparty is an individual and a non-related party.

Description: In the past two years, only one supplier accounted for approximately over 6% of total purchases, with minimal fluctuations in its purchase ratio. Suppliers contributing less than 6% made up around 90% of total suppliers, indicating good cooperation with key suppliers, stable sources of supply, and no signs of purchase concentration.

B. Major Clients in the Last Two Years

Currency: NT\$ thousands; %

Item	2023				2024				Q1 of 2025			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer	Company Name	Amount	Percentage	Relation with Issuer
1	Company A	2,076,034	27.47%	N/A	Company A	2,145,635	25.74%	N/A	Company A	589,060	28.81%	N/A
2	Others	5,482,243	72.53%	-	Others	6,191,592	74.26%	-	Others	1,455,262	71.19%	-
	Net Sales	7,558,277	100.00%		Net Sales	8,337,227	100.00%		Net Sales	2,044,322	100.00%	

Note 1: The name of the customer and the amount and proportion of the total sales in the last two years are listed, however the names are coded because the contract provides that the customer's identity shall not be revealed and the same shall apply if the transaction counterparty is an individual and a non-related party.

Description: In the past two years, only one customer accounted for over 10% of total sales, with little change in its sales ratio. Customers contributing less than 10% made up approximately 70%, indicating a stable and strong relationship with key brand customers. Additionally, the Company actively develops new clients to mitigate the issue of sales concentration.

4.3 Human Resources

Year		2023	2024	As of 30 April 2025
Number of Employees	Direct	2,315	2,052	2,209
	Indirect	1,079	1,075	1,055
	Management	631	651	631
	Total	4,025	3,778	3,896
Average Age		35.06	35.28	34.98
Average Years of Service		12.05	12.22	12.25
Education (%)	Ph.D.	0.05	0.11	0.10
	Masters	2.93	3.73	3.26
	Bachelor's	17.19	18.69	18.00
	Senior High	28.40	25.09	23.67
	Below Senior	51.43	52.38	54.97
	Total	100.00	100.00	100.00

4.4 Environmental Protection Expenditure

- 4.4.1 Any losses suffered by the Company in the last two years and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in the environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.
- 4.4.2 In response to the EU restricted substances regulations related information: the Company's products to the European Union have been in line with the European Union restricted substances regulations related norms.

4.5 Labor Relations

4.5.1 Employees' working environment and personal safety

The Company is committed to providing a safe and healthy work environment and has established an Occupational Safety and Health Committee that regularly convenes meetings to review current safety management measures, identify potential risks, and continuously improve the working environment

and occupational safety.

The Company has obtained ISO 45001 certification for its occupational health and safety management system to ensure that all operational procedures comply with government regulations and international standards. We regularly conduct workplace risk assessments and implement safety improvement plans to enhance equipment safety management, establish standard operating procedures (SOPs), and enforce employee safety training. Through these measures, we aim to ensure that employees work in a healthy and safe environment and effectively reduce the risk of occupational accidents.

4.5.2 Employees' behavior or code of ethics

The Company adheres to the principles of integrity and professionalism and has established the "Work Rules" and the "Performance Evaluation Management Guidelines" as behavioral standards for employees, ensuring that all personnel clearly understand and comply with relevant regulations. In addition, to recognize outstanding contributions and boost employee morale, the Company has formulated the "Model Employee Selection Management Guidelines" to foster a positive work environment.

At the same time, to ensure that the conduct of directors, managers, and all employees meets the highest ethical standards, the Company has adopted the "Code of Ethical Conduct" based on practical circumstances and needs. This code is intended to guide senior executives in upholding principles of integrity, fulfilling corporate responsibilities, and maintaining the Company's strong reputation. The main contents are as follows:

- A. To prevent conflicts of interest: Prevent conflicts of interest when personal interests are involved or may be involved in the overall interests of the Company.
- B. To avoiding making self-interest: avoid using company property, information or taking advantage of a job position for personal gain or making personal gain while competing with the Company.
- C. Confidentiality: should be liable for maintaining confidential the Company's related non-disclosed information.
- D. Fair trade: No information learned on the basis of his or her position may be manipulated, concealed, or misused to gain undue benefits by making false statements or other unfair transactions with respect to material matters.
- E. To protect and to use company assets appropriately: It is such person's responsibility to protect the Company's assets and ensure that they are used effectively and legally for official business.
- F. Compliance with laws and regulations: The Company management shall strengthen compliance with securities trading laws and other laws and regulations.
- G. To encourage reporting any illegal or unethical transactions in violation of the trading laws and other laws and regulations: In order to encourage employees to report violations, the Company, in accordance with the relevant processes or mechanisms, inform employees that the Company

will do its utmost to protect the reporter from retaliation.

The abovementioned regulations can be accessed through the Company's website or internal network.

4.5.3 Employee benefits measures and their implementation

In accordance with the Labor Standards Act and relevant regulations, the Company has established an Employee Welfare Committee and actively promotes various welfare initiatives. The main employee benefits include:

- A. Labor Insurance
- B. Employee group insurance
- C. Employee bonuses
- D. Festival allowance
- E. Monetary gifts for weddings, funerals, and other special occasions
- F. Scholarships for employees and their children
- G. Travel subsidies, festival events, and gift distributions
- H. Subsidies for employee clubs and associations
- I. Meal subsidies for employees
- J. Employee health check
- K. Family and parent-child day events
- L. Employee share ownership trust

4.5.4 Further education and training and their implementation

In accordance with the "Training and Development Management Regulations," the Company's Human Resources Department coordinates and arranges pre-employment training for new employees. The training covers the Company's business philosophy, organizational policies, work environment, and employee rights and obligations to help new hires quickly adapt to the corporate culture.

For regular employees, the Company offers a diverse range of training programs based on job requirements, including on-the-job training, internal and external professional courses, seminars, and more. These programs aim to enhance employees' professional competencies and job skills while fostering their personal growth and potential.

Additionally, to encourage continued education, the Company provides learning support programs. Employees who obtain a higher academic degree in accordance with Company policy are eligible to receive a fixed bonus as an incentive.

Training Results in 2024:

- Number of training participants: 11,990
- Training expenses: NT\$1,708 thousand

The Company remains committed to investing in talent development and fostering a learning organization, striving for excellence and shared growth with its employees.

4.5.5 The retirement system and its implementation

In accordance with Article 56, Paragraph 1 of the Labor Standards Act, the Company allocates 2% of the total monthly salary to a retirement reserve fund for employees under the old pension system. These funds are deposited into a dedicated account to ensure the protection of employees' retirement rights.

Since the implementation of the Labor Pension Act on 1 July 2005, the Company has been contributing 6% of each eligible employee's monthly salary to their individual pension accounts in compliance with the new pension system, helping employees accumulate retirement resources.

The Company remains committed to enhancing its retirement system, supporting employees in building secure careers and a stable post-retirement life.

4.5.6 The labor-management agreements and employee rights and interests protection measures

The Company conducts all operations and management in accordance with the Labor Standards Act and other applicable regulations. To promote labor-management cooperation and enhance work efficiency, the Company holds regular labor-management meetings in accordance with the Regulations for Implementing Labor-Management Meetings. These meetings provide a platform for open communication, allowing both parties to exchange views, build consensus, and work together toward a harmonious and mutually beneficial work environment.

4.5.7 For the most recent year and as of the date of publication of the annual report, disclose the losses suffered as a result of labor disputes(including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions) and the estimated amount and response measures that may occur now and, in the future: None.

4.6 Information security management.

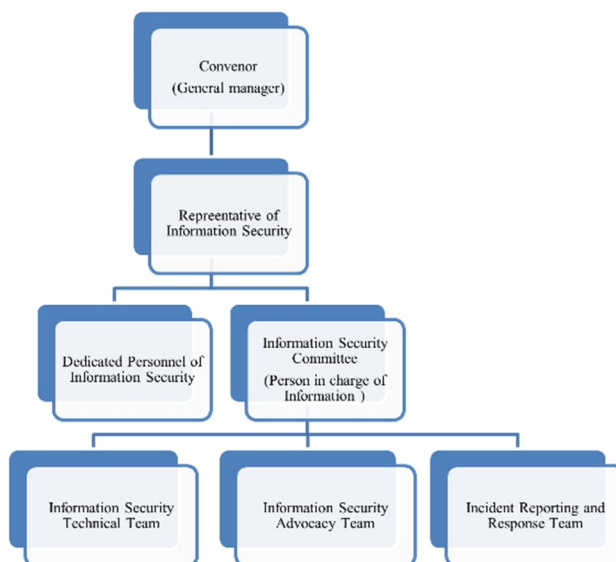
4.6.1 Describe the risk management framework of information security, information security policy, specific management plan, and resources invested in information security management, etc.

The maintenance, confidentiality, and correctness of corporate information, if not protected, can cause great loss, so it is crucial for the Company to stipulate information security protocols. The Company hence set forth the Organization Rules of Information Security Committee and Regulations of Computer Information Management.

Based on the importance of information security, the responsible unit reports to the board of directors on the status of information security governance and

implementation annually, with the most recent report due on 8 November 2024.

A. Information Security Committee Organizational Chart



B. Information security policy and specific management plan

The Information Security Committee shall hold at least two information security meetings each year, attended by the information personnel, and may convene ad-hoc meetings as necessary.

To ensure that the employees have the ability to comply with the prevention and security of information system, follow network transmission information security, and manage crisis-related matters, the Company will conduct a factory-wide training for all employees with respect to information security every year to remind employees of information security risks and related operating procedures. The training includes promotion of the information security policy, legal requirements, operating procedures, safety responsibility, security precautions or data exchange of every information system, proper storage of confidential or sensitive information, correct use of information equipment and information management system, and training of processing procedures. The Company uses the online training materials so employees can access the information from time to time.

The Company has established a computer network system security control mechanism and uses anti-virus software internally to scan files daily to detect abnormal files so they can be cleared in real-time, while it is also forbidden to use certain applications.

Firewall intrusion prevention detection and anti-virus applications are also performed for protection and to block abnormal applications. The Company also uses a security system and adopts a policy of responsible

use to manage specific applications and equipment allowing for real-time monitoring. The Company monitors the network to prevent the leakage of confidential and sensitive information or accessing abnormal websites that may lead to hacking.

C. Information security related work report

- (A) Define and classify confidentiality of the working file: to implement the measures in line with AEO high quality enterprise project and group ISO method to integrate project schedule
- (B) Adjustment of email approval notification settings in the security system: Optimized to trigger notifications to department supervisors when specific keywords are detected.
- (C) Strengthen colleagues' information security concept
- (D) Authorization review of important systems (ERP, etc.) (to be implemented once a year): Confirmed and executed by information management and auditors

D. Social engineering exercise results

The information management unit organizes email social engineering exercises from time to time to test whether the email is clicked due to the more exaggerated and sensational email subject, therefore ignoring the sender's information and content and clicking phishing links without suspicion.

The threat of malicious emails and phishing emails is becoming more and more serious, ranging from leaking personal account passwords, computer virus attacks, to causing the Company to lose a lot of money and affecting the Company's image. Every year, Xingxuetang will conduct online information security education and training for all plant personnel to strengthen the information security awareness of colleagues.

E. Operation of information security protection

The group's current internal information security protection mechanism

First step: Unscheduled plant wide personnel safety awareness promotion (including e-mail social engineering exercise from time to time)

Second step: Spam filtering system (blocking emails containing abnormal sources or folders)

Third step: WSG network security gateway system (blocking the network connection with information security risk concerns)

F. Implementation in 2024

- (A) In 2024, two Information Security Management Committee meetings were held to review the implementation of information security management.
- (B) In 2024, 1 hour of online information security education and training for the entire factory were handled, with 268 people participated.

(C) In 2024, the mechanism for notifying department supervisors upon detection of specific keywords in outgoing emails was implemented.

4.6.2 State the losses, possible impacts and responsive measures information taken related to major information security incidents suffered in the most recent year and as of the date of printing of the annual report, and if it is not reasonably estimable, state the fact that it is not reasonably estimable: None.

4.7 Material contracts

Type of contract	Parties	Period	Major contents	Restrictions
Loan Contract	Banking of Taiwan	December 2017- December 2032	Medium and long term loan	N/A

Note: For significant contracts of Turvo International Co., Ltd., a subsidiary included in the Company's consolidated financial statements, please refer to its 2024 annual report.

V. Review of Financial Conditions, Financial Performance, and Risk Management

5.1 Analysis of Financial Status

Financial Standing Comparison and Analysis Table

Unit: NT\$ thousands

Item \ Year	2024	2023	Difference	
			Amount	%
Current Assets	6,494,159	6,037,749	456,410	7.56%
Fixed Assets	3,907,309	3,710,655	196,654	5.30%
Intangible Assets	1,534,238	1,590,148	-55,910	-3.52%
Other Assets	1,204,998	656,602	548,396	83.52%
Total Assets	13,140,704	11,995,154	1,145,550	9.55%
Current Liabilities	2,881,231	2,199,079	682,152	31.02%
Non-current Liabilities	1,181,362	1,184,587	-3,225	-0.27%
Total Liabilities	4,062,593	3,383,666	678,927	20.06%
Capital stock	665,356	665,356	0	0.00%
Additional paid-in capital	1,890,261	1,890,261	0	0.00%
Retained Earnings	3,209,633	3,058,260	151,373	4.95%
Other components of equity	(200,145)	(265,978)	65,833	-24.75%
Treasury stock	-	-	-	-
Non-controlling interests	3,513,006	3,263,589	249,417	7.64%
Total Stockholders' Equity	9,078,111	8,611,488	466,623	5.42%

1. The reasons for the changes in the increase or decrease are as follows:
(1) Other assets: Primarily due to the increase in financial assets measured at amortized cost, non-current.
(2) Current liabilities: Primarily due to the increase in short-term loans, notes payable, and accounts payable.
(3) Total liabilities: Same as item 2.
(4) Other equity: Primarily due to an increase in exchange differences on translation of foreign operations.
2. Impact: No significant impact.

5.2 Analysis of Financial Performance

Financial Performance Comparison and Analysis Table

Currency: NT\$ thousands; %

Item \ Year	2024	2023	Difference	
			Amount	%
Net Sales	8,337,227	7,558,277	778,950	10.31%
Gross Profit	2,455,681	1,917,554	538,127	28.06%
Operating Income	931,208	518,349	412,859	79.65%
Non-operating Income and Expenses	270,426	184,335	86,091	46.70%
Income from continuing operations before income tax	1,201,634	702,684	498,950	71.01%
Income from continuing operations, net of tax	920,353	629,550	290,803	46.19%
Income (Loss) from Discontinued Operation	-	-	-	-
Net Income	920,353	629,550	290,803	46.19%
Total other comprehensive income, net of tax	177,216	(80,977)	258,193	318.85%
Total comprehensive income	1,097,569	548,573	548,996	100.08%
Stockholders of the parent	453,188	253,276	199,912	78.93%
Non-controlling interests	467,165	376,274	90,891	24.16%
Stockholder of the parent	529,171	197,039	332,132	168.56%
Non-controlling interests	568,398	351,534	216,864	61.69%
Earnings per share-basic	6.81	3.81	3	78.74%

5.2.1 Analysis of changes in financial ratios

- A. Increase in gross profit: Primarily due to the increase in net sales compared to 2023.
- B. Increase in operating income (loss): Same as item 1.
- C. Increase in non-operating income and expenses: Primarily due to higher foreign exchange gains compared to 2023.
- D. Increase in income before tax: Same as item 1.
- E. Increase in net income from continuing operations: Same as item 1.
- F. Increase in net income (loss) for the period: Same as item 1.
- G. Increase in other comprehensive income (net of tax) for the period: Primarily due to an increase in exchange differences on translation of foreign operations compared to 2023.
- H. Increase in total comprehensive income for the period: Due to items 6 and 7.
- I. Increase in net income attributable to owners of the parent: Same as item 1.
- J. Increase in net income attributable to non-controlling interests: Same as item 1.
- K. Increase in total comprehensive income attributable to owners of the parent: Due to items 6 and 7.
- L. Increase in total comprehensive income attributable to non-controlling interests: Due to items 6 and 7.
- M. Increase in earnings per share: Same as item 1.

5.2.2 Sales Volume Forecast and Related Information:

The company has not disclosed its financial forecasts, this is not applicable.

5.2.3 The potential future impact upon the Company's financial operations as well as responsive measures:

The Company will monitor market trends from time to time, manage the production bases flexibly to adjust inventory to prevent slow-moving inventory and price fluctuation risk in raw materials, as well as keeping track of the economy and market demand to plan new product promotion, so as to expand market share and boost profit.

5.3 Analysis of Cash Flow

5.3.1 Liquidity Analysis of the most recent two years

Item \ Year	2024	2023	Variance (%)
Cash Flow Ratio (%)	41.97%	100.23%	-58.13%
Cash Flow Adequacy Ratio (%)	117.77%	105.49%	11.64%
Cash Reinvestment Ratio (%)	7.96%	15.55%	-48.81%
Analysis of financial ratio change: 1. Cash flow ratio: The decrease was mainly due to a decline in net cash inflow from operating activities compared to 2023. 2. Cash reinvestment ratio: Same as Item 1.			

5.3.2 Remedy for Liquidity Shortfall: Not applicable.

5.3.3 Cash Flow Analysis for the Coming Year

Currency: NT\$ thousands					
Balance of cash at start of term (1)	Estimated Net Cash Flow from Operating Activities (2)	Estimated Net Cash Flow from Financing Activities (3)	Cash Surplus (Deficit) (1)+(2)+(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
\$2,279,804	2,100,841	(1,810,859)	2,569,786	-	-
Cash Flow Projection for Next Year: 1. Operating activities: Operations are expected to remain stable in the coming year, with anticipated net cash inflows. 2. Investing and financing activities: Based on the capital expenditure plan and dividend policy set for 2025, the Company expects to maintain sufficient funding. In the event of a temporary shortfall due to timing differences in receipts and payments or exchange rate fluctuations, the Company will address the gap through bank borrowings.					

5.4 Major Capital Expenditure Items

The major capital expenditure for 2024 to date has been attributed to the subsidiary, Turvo International Co., Ltd., which has expanded its plant and acquired new equipment to support future revenue growth.

5.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

The Company's management make reinvestments based on factors such as the Company's operating needs, cost reductions, market share expansion, or the Company's global layout. An investment evaluation team was established by the Company's management to conduct a comprehensive evaluation of the Company's current conditions, future prospects and global trends, etc., and provide investment proposals for decision-makers.

Due to the higher manufacturing cost in the factories in China, certain products have been moved to the Vietnamese manufacturers. The Chinese factory is dedicated to improving efficiency, cut cost and as a result enhancing profit margins. In order to ensure a stable source of materials and reduce the cost of purchases to increase profits, in the future the Company will continue to improve the rationalization of production processes, increase the rate of manufacturing major parts by the Company itself, reduce costs, and strengthen the management of the supply chain.

The Company's plants in Vietnam have been operating efficiently and generated profit. Moving forward, the Company will strictly control production costs to improve efficiency and profitability.

5.6 Special Disclosure

5.6.1 Risk Assessment

A.Organizational Structure and Policies for Risk Management

Name of Group	Responsibilities
Board of Directors	<ol style="list-style-type: none">1. Approves the risk management policies, procedures, and framework.2. Ensures consistency between the operational strategy and risk management policies.3. Ensures the establishment of an appropriate risk management mechanism and culture.4. Oversees and ensures the effective operation of the overall risk management mechanism.5. Allocates sufficient and appropriate resources to support effective risk management.

Audit Committee	<ol style="list-style-type: none"> 1. Reviews the risk management policies, procedures, and framework; regularly evaluates their applicability and effectiveness. 2. Approves the risk appetite (tolerance) and guides resource allocation. 3. Ensures that the risk management mechanism adequately addresses the risks faced by the Company and is integrated into daily operations. 4. Approves the prioritization and classification of risk controls. 5. Reviews the implementation of risk management, provides necessary improvement recommendations, and reports to the Board annually. 6. Executes the risk management decisions made by the Board of Directors.
Risk Management Task Force	<ol style="list-style-type: none"> 1. Formulates risk management policies, procedures, and framework. 2. Defines the risk appetite and establishes qualitative and quantitative measurement standards. 3. Analyzes and identifies sources and categories of risk; regularly reviews their applicability. 4. Prepares and submits the annual risk management implementation report. 5. Assists and supervises risk management activities within each department. 6. Coordinates interdepartmental interaction and communication for risk management operations. 7. Executes the risk management decisions of the Risk Management Committee. 8. Plans training programs related to risk management to enhance overall risk awareness and culture.
Business Units	<ol style="list-style-type: none"> 1. Responsible for risk identification, analysis, evaluation, and response within their respective departments. 2. Submits annual risk management information to the Risk Management Task Force. 3. Ensures effective implementation of risk management and control procedures to comply with the risk management policy. 4. Oversees daily operations and establishes crisis management mechanisms as necessary.
Emergency Response Task Force	Formed on an ad hoc basis in response to major risks, crises, or irregular events. Convened by the General Manager to handle significant incidents and report to the Audit Office.
Audit Office	Conducts audits on risk management activities to ensure compliance with regulations and control procedures.

B. Risk Management Policy

The Company has established the “Risk Management Procedures,” which have been approved by the Board of Directors and serve as the Company’s highest guiding principles for risk management. Each year, the Risk Management Task Force conducts a comprehensive risk identification process to recognize potential risks that may affect the Company’s sustainable development. The task force selects the key risk categories and, in alignment with the latest developments and standards in internal audit practices, monitors potential risks and implements preventive measures to strengthen risk management. Risk management policies are formulated for each risk, encompassing management objectives, organizational structure, roles and responsibilities, and procedural mechanisms. These policies are thoroughly implemented to ensure that risks arising from business activities are maintained within acceptable levels.

Over the years of implementation, except for market risks which cannot be controlled in the macroeconomic environment, other risks such as financial risk, liquidity risk, credit risk, legal risk, strategic and operating risk, have all been controlled internally and effectively without faults.

5.6.2 Impact of changes in interest rates, exchange rates, and inflation on the Company’s profits and losses and future countermeasures.

To meet the short-term capital requirements, the Company will consider low-cost funding from the money market while also seeking financing from financial institutions. For the medium and long-term development and financial planning, capital market can be leveraged when appropriate.

Interest risk shall refer to the fluctuation of financial instruments’ fair value or future cash flow caused by changes in market interest rates. The Company’s interest rate risk mainly derives from the floating interest rates loans and fixed interest rate loans. In terms of financial commodity investment, the Company invests primarily in low-risk bank deposits, notes issued under repurchase agreement and money market or bond funds to ensure funds safety and keep liquidity.

The Company’s products are mainly exported overseas, and the main income is in US Dollars. The foreign currency income covers the foreign currency expenditure required for imports. In addition, financial analysts will constantly be updated on global markets information, be aware of the exchange rate trend and refer to the analysis and suggestions provided by banks. Depending on the actual funding needs and exchange rate changes, foreign exchange deposit positions may be adjusted when appropriate, and when there is greater exchange fluctuation, the Company will execute forward exchange, exchange agreement with banks to avoid further losses. The Company will keep observing the

changes in the financial market, follow the Company's hedging principle to lower the aggregated exposure, and use the exchange hedging instrument properly to reduce the effect of exchange rate fluctuations on the Company's profit/loss.

As the Company operates in an export-oriented industry, exchange rate changes may affect revenue and profits. The Company's hedging measures against exchange rate changes are described below:

- The export quotation considers the fluctuation of currency exchange rates and adjusts sale price timely to reflect cost.
- Establish dedicated foreign currency accounts to reduce the impact of exchange rate fluctuation and determine appropriate timing to settle currency exchange and goods payments.
- The finance department maintains close ties with the foreign exchange departments at banks in order to keep track of the global currency exchange changes and make foreign currency denominated asset /liability hedging assessment from time to time to reduce negative impact from exchange rate changes.
- Stipulated the "Process for obtaining or disposing of assets" in accordance with regulations set forth by the Securities and Futures Bureau, Financial Supervisory Commission to govern the procedures for trading, risk management, supervision and auditing of derivative financial products, and enhance risk control with respect to the Company's use of financial instrument to hedge against exchange rate risk.
- Always keep track of market exchange rate changes and negotiable favorable exchange rates with banks.

5.6.3 Policies of engaging in high risk and high-leverage investment, fund-lending, endorsement guarantees and derivative commodity transactions; main reasons for profit or loss and future responsive measures:

- The Company's policy is to focus on the operation of core business. In addition, the Company has established "Procedures for Acquisition or Disposal of Assets" and "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" as guidelines for engaging in related activities. The Company has not engaged in high-risk or highly-leveraged investments.
- The Company lends money to external entities: Where there is necessary for business needs between the Company and its subsidiaries to conduct fund transfers, they will be handled in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" established by the Company and its subsidiaries. The information regarding each fund loan to others will be announced in a timely and correct manner in accordance with legal regulations. As the Company and its affiliated enterprises have sound financial management and operate in a prudent manner, there have been no losses incurred due to fund loans.

- The Company's endorsement guarantees for others: When necessary, the Company and its subsidiaries provide guarantees for third-party endorsements in accordance with the " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" between the Company and its subsidiaries. The Company also comply with legal regulations and promptly and accurately disclose information on all endorsement guarantees. Due to the sound financial management and prudent operations of our company and its related enterprises, the Company has never suffered losses due to endorsement guarantees.
- The Company engages in derivative transactions with a conservative and prudent approach, and all transactions are made for the purpose of hedging, and such transactions are treated in accordance with the 'Procedures for obtaining or disposing of assets.
- Future responsive measures: The Company has engaged in investing, lending money to others and the endorsement guarantee will be handled in accordance with the 'Procedures for Acquisition or Disposal of Assets' and ' Procedures for loaning funds and endorsement guarantee'. In the future, the Company will continue to strictly control derivatives transactions based on the exchange rate risk control principles in order to reduce exchange rate risk and hedge against foreign exchange losses.

5.6.4 Future R&D Plan and Expected Costs

The Company's R&D team is focused on developing its own talents. It focuses on nurturing professionalism and skills, accumulating experience and expertise and initiate cooperation with the industry, government and academia therefore strengthening the technical capabilities and quality of the team. The Company aims to introduce 3D design software, modular design methods, collaborative design, design environment standards, and coordinated engineering. There are a number of advanced design methods such as mold flow analysis, stress analysis and motion analysis to speed up development time and enhance R&D quality so the Company can move towards developing more diversified products.

It is expected in 2024 that R&D manpower will increase. The estimated R&D expenditure is expected to account for about 3% to 5% of the revenue.

5.6.5 Impact of foreign and domestic policy changes on the Company's financial operations and corresponding measures:

In recent years, the important changes of the domestic and foreign policies and laws have not affected the Company's finances. The Company always monitors the development of domestic and foreign political and economic situations and legal changes. Furthermore, the Company has fully understand the state of development and respond to changes in the market and always maintain a high level of vigilance and have the ability to respond appropriately to changes in the market environment. If needed, the Company will immediately consult with CPAs and lawyers, thus reducing the possible impact in the future.

5.6.6 The impact of technological changes (including information security risks) and industrial changes on the Company's financial operations and corresponding measures:

The Company is committed to the research, development and manufacturing of household sewing machines and has accumulated more than 50 years of rich experience in production, sales and building flexible strategy, which is able to stay with changes in market demand while actively investing in research and development. The OEM model was transformed into the ODM model, with strong customization capabilities and excellent product quality. Product quality has been receiving acknowledgement from the world's top manufacturers. In addition, the Company is developing its front-end process and business development. The Company actively carries out the process of restructuring and cooperation, improving each branch of the Company and raising the technology threshold.

Household sewing machines production is a labor-intensive industry, and as a result of the rising domestic labor price, the Company moved its production to China and Vietnam to establish overseas production bases. The move greatly increased the production capacity of sewing machines, and also increased the proportion of household use parts, reduced product costs and therefore faced the risk of risking initial costs.

In addition to possessing the same technical ability as the rest of the industry, the Company has also developed other advanced and unique techniques to manufacture household sewing machines. The most difficult part is the integration of mechanical structure and electrical control. The Company has accumulated many years of research and development experience, obtained a number of sewing machine patents, and is committed to the research and development of new products, from the simplification of mechanical structure and the modularization of the manufacturing process to the integration of computer and mechanical technology. The Company has many years of experience in departmental adjustment and connection. The connection between products is good and there are no major technical skills related risks.

5.6.7 The impact of change in corporate image and crisis management.

The Company has long been dedicated to corporate social responsibility, public welfare, and educational initiatives. Upholding the principles of integrity and pragmatism, the Company places great emphasis on its corporate image and risk control. In the event of any incident that may jeopardize the Company's operations or necessitate significant changes, the Emergency Response Team will promptly take the necessary actions. As of the most recent fiscal year and up to

the date of this annual report, the Company maintains a positive corporate image, and no foreseeable crisis has been identified.

5.6.8 Expected benefits, possible risks and corresponding measure for mergers and acquisitions:

The Company has not engaged in any merger or acquisition plans in the most recent year and up to the printing date of the annual report. If the aforementioned plans are evaluated and executed in the future, they will be conducted in accordance with the Company's relevant regulations and laws.

5.6.9 Expected benefits, possible risks and corresponding measures for expanding the plant

The Company has no plans to expand the plants in the most recent year and up to the printing date of the annual report. If the aforementioned plans are evaluated and executed in the future, they will be conducted in accordance with the Company's relevant regulations and laws.

5.6.10 The risks and countermeasures faced in the purchase or sales concentration.

The Company's largest sales customer in 2024 had a total sales amount of NT\$2,145,635 thousand, accounting for 25.74% of total sales. The sales concentration decreased compared to 27.47% in the previous year.

Sales concentration of sewing machine occurred mainly because the customer is a globally celebrated sewing machine brand. The Company's product quality, research ability, available machine model, and production scale are recognized by the customer so that the Company becomes its main ODM outsourcing manufacturer. However, the Company is well aware that sales concentration will expose the Company to higher operation risk and will take the following countermeasures:

A. Maintain good supply relationship

Customer loyalty in the brand is high, therefore, downstream companies continue to order from The Company, every well-known household sewing machine brand needs to have stable product quality and timely delivery supplier, while maintaining a good supply relationship. At the current stage of household sewing machine production, judging by the industry development patterns, the household sewing machine market will be most competitive. Due to the complexity of the machine (requiring roughly 200 or more parts), the product requires precision in assembly and high quality. Various well-known brands are likely to have unstable supply risks if they look for suppliers that run small factories.

B. Strengthen customer dependency on the Company

The Company values communication with customers regarding market insights and product information, continuously monitoring industry trends and helping customers seize opportunities with a forward-looking approach. By deepening customized collaboration, the Company provides tailored products and solutions based on customers' market characteristics, pain points, and actual needs. Leveraging a comprehensive one-stop service, from product design and manufacturing to delivery, combined with a diverse product portfolio and flexible production capabilities, the Company serves as a solid support for customers in capturing market share and further strengthening long-term, stable, and strategic partnerships.

C. Actively develop high-end computerized sewing machines

At present, the Company's computer-integrated sewing machines are mainly medium and low-end models. But with the Company's continuous dedication, computerized sewing machines have been successfully developed, which are higher-end computerized sewing machines. The Company used mainly offer household-friendly machine. As sales of higher-end computerized sewing machines were divided among different customers, concentration of customers was reduced.

D. Customized products required by customers

The Company has strong customization capabilities and has provided many customers with customized products they needed. There is a high degree of dependence from customers on the Company, thereby mitigating the risk of the Company's concentration of certain sales.

E. Develop new products with customers

In addition to customizing the products required by customers, the Company also develops new products with customers. The products that the Company has developed with customers in the past were all mechanical models. However, during the cooperation process, customers gradually agree with the Company's development of computerized sewing machine technology.

F. Develop a market for secondary appliances

In order to avoid sales concentration on a single household sewing machine product, the Company proactively developed a second product for the home appliances market. We also increased engineering manpower in line with customers' transition and continue to develop a market for new home appliances.

G. Extend product line with existing equipment

Due to the gradual increase of production costs in mainland China and the implementation of the labor contract law, the Company transferred orders that were originally produced in China to a Vietnamese subsidiary. Its product line was extended via aluminum alloy die-casting equipment and processing and plastic injection equipment.

To sum up, the Company always has a large concentration of sales due to the fact that the customer is a leading household sewing machine manufacturer in the world. The Company aims to continually improve the existing customer satisfaction and enhance the competitive advantage and customer maintenance. In addition, we will actively develop new products and develop new capacity to diversify the Company's products.

5.6.11 Directors or large shareholders holding more than 10% of shares. Company influence, risk insurance and corresponding measures:

The Company's directors or major shareholders holding more than 10% of shares did not make any significant transfer of equity in the most recent year and as of the printing date of the report. The Company's operation was very stable.

5.6.12 The impact, risks and countermeasures of the change of management rights on the Company

The Company's operations are sound and profitable. The directors or large shareholders holding more than 10% of shares in the most recent one years and as of the printing date of the report did not engage in mass transfer of equity. The management right of the Company was very stable

5.6.13 Litigation or non-litigious events

- A. Any conclusive or pending significant litigious, non-litigious cases or administrative disputes of the Company: None.
- B. The situation where the Company's directors, general managers, the de facto responsible persons, major shareholders and associates holding more than 10% of shares who are involved in any significant litigation, non-litigious proceeding, or administrative dispute that was finalized or still pending, and the result of which could have material impact upon the shareholders' equity or prices for the Company's securities: None.

5.6.14 Other important risks: None.

5.7 Other important item: None

VI. Special Disclosure

6.1 Information on Related Parties:

Please refer to the Market Observation Post System (MOPS) at [<https://mops.twse.com.tw>] > Individual Company > Electronic Document Download > Related Parties – Three Statements Section. Enter the company code to access related party information.

6.2 Any Private Placement of Securities for the Most Recent Fiscal Year and during the Current Fiscal Year up to the date of Publication of the Annual Report

None.

6.3 Summary of Share Ownership and Disposal of Shares of the Company by Subsidiaries for the Most Recent Fiscal Year and during the Current Fiscal Year up to the date of Publication of the Annual Report

None.

6.4 Additional Information Required to be Disclosed

None.

VII. Material Events Occurring in the Most Recent Year and up to the Date of the Annual Report Publication as Defined in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act that Could Have a Significant Impact on Shareholders' Equity or Securities Prices:

None.

Thank you for joining the shareholders' meeting,

Any suggestions and insights are welcome!

MEMO

Zeng Hsing Industrial Co., Ltd.

Chairman: CHIH-CHENG LIN