

Stock Code: 3090



# Year 2024 Annual Report

**P u b l i s h e d   o n   A p r i l   1 3 ,   2 0 2 5**

**This Annual Report is available at <https://mops.twse.com.tw>**

**The Company Website: <https://www.ndb.com.tw>**

This is a translation of the 2024 annual report (The "annual report") of Nichidenbo Corporation. (The "Company"). This translation is intended for reference only and nothing else, The Company hereby disclaims any and all liabilities whatsoever for the translation. The Chinese text of the annual report shall govern any and all matters related to the interpretation of the subject matter stated herein.

- I. The names, titles, telephone numbers and Email addresses of the Company's spokesperson and deputy spokesperson:**  
**Spokesperson: YU, YAO KUO**  
**Title: General Manager**  
**Tel: (02)2219-0505**  
**Email: stock@ndb.com.tw**  
**Deputy spokesperson: LAI, NAN CHUN**  
**Title: Vice President**  
**Tel: (02)2219-0505**  
**Email: deputy-spokesman@ndb-group.com**
- II. Addresses and telephone numbers of headquarters, branches and factories:**  
**1. Head office**  
**Address: 1F, No. 4, Lane 1, Siwei Lane, Zhongzheng Road, Xindian District, New Taipei City**  
**Tel: (02)2219-0505**  
**Fax: (02)2219-1010**  
**2. Branches: None**  
**3. Factories: None**
- III. Name, address, website, and telephone number of stock transfer agency:**  
**Name: Yuanta Securities, Shareholder Services Department**  
**Address: B1, No. 67, Sec. 2, Dunhua South Road, Da'an District, Taipei City**  
**Website: <http://www.yuanta.com.tw>**  
**Tel: (02)2586-5859**
- IV. Names of the CPAs and name, address, website and telephone number of the accounting firm for financial statements in the most recent year:**  
**Name of CPA: SHAO, CHIH MING and WONG, YA LING**  
**Name of accounting firm: Deloitte & Touche**  
**Address: 20th Floor, No. 100 Chung Yan Road, Xinyi District, Taipei City**  
**Website: <http://www.deloitte.com.tw>**  
**Tel: (02) 2725-9988**
- V. The name of any exchanges where the Company's securities are traded offshore, and the method to access information on the said offshore securities: None**
- VI. The Company Website: <https://www.ndb.com.tw>**

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# I. Report to Shareholders

## Dear Shareholders:

In the first half of 2024, the passive component industry experienced overall market inventory depletion. With continued downward adjustments in PC, notebook, and automotive markets, MLCC, chip resistors, and the overall market demand and prices have stabilized. In the second half of 2024, aside from the increased demand for AI servers, the demand in other industries declined. Faced with these market changes, end customers adjusted their inventory level, prompting passive component manufacturers to adjust capacity utilization to address decreased order visibility. The overall market inventory level continues to undergo correction and improvement in inventory turnover rates. Notably, major manufacturers' ongoing capacity adjustments have proven effective, with supply-side inventory progressing toward healthy levels.

### 1. 2024 operating results:

#### (1) Implementation results of business plans

Unit: NT\$ thousand

Item	2024		2023		Increase (decrease)	
	Amount	%	Amount	%	Amount	%
Operating revenue	12,141,096	100.00	10,655,709	100.00	1,485,387	13.94
Gross profit	1,947,359	16.04	1,642,209	15.41	305,150	18.58
Operating prof	1,115,021	9.18	873,188	8.19	241,833	27.70
Net profit before tax	1,218,198	10.03	922,693	8.66	295,505	32.03

#### (2) Budget implementation in 2024

Since the Company's budget for 2024 was not disclosed to the public, there is no requirement to disclose the budget implementation. However, the actual operating conditions and performance are generally in line with the internal operating plans of the Company.

#### (3) Financial income/expenses and profitability analysis

Unit: NT\$ thousand

Item			2024	2023	Increase (decrease) ratio (%)
Income/ expenses	Operating revenue		12,141,096	10,655,709	13.94
	Gross profit		1,947,359	1,642,209	18.58
	Net income before tax		1,218,198	922,693	32.03
Profitability	Return on assets (%)		10.26	8.35	22.87
	Return on equity (%)		14.92	11.15	33.81
	Percentage of paid-in capital (%)	Operating income	52.44	41.06	27.72
		Net income before tax	57.30	43.38	32.09
	Net profit margin (%)		7.94	6.75	17.63
	Earnings per share (\$)		4.52	3.39	33.33

(4) Market development

In addition to expanding the sales of various components in currently engaged markets, the Company is also committed to broadening its presence in new markets and introducing new products, and also actively deepening its foothold in both domestic and overseas markets (such as Vietnam, Thailand, India, etc.). This strategic approach aims to increase opportunities for the Company's products and enhance competitiveness.

**2. 2025 business plans**

In 2025, the focus will be on AI servers, automotive, telecommunications equipment, networking devices, low-orbit satellites, WIFI 7 and other related items. We will adopt high-end product specifications, for example, vehicle specifications, high-frequency, high-capacity, high-pressure, and high-temperature specifications to address the requirements of high-computing and high-performance products. High-unit-price specification products will drive an increase in average selling price (ASP).

In 2025, as the demand for passive components gradually recovers, market inventory has returned to healthy levels. We will benefit from applications of high-end specification new products in AI servers and networking, as well as mobile phone supply and demand gradually return to normal. With business opportunities arising from AI PCs and discontinuation of Windows 10 by Microsoft driving hardware upgrades, the output value of global passive component industry is expected to grow in 2025.

**3. The Company's future development strategy, and the effect of external competition, the legal environment, and the overall business environment**

Electronic component manufacturers face fierce competition in the supply of AI servers. Japanese and Korean component manufacturers that already hold a market share advantage in server products aim to maintain their lead over competitors in both China and Taiwan through MLCC miniaturization and high-capacitance technology. This has made the demand for MLCC in the mobile phone market and consumer product market in mainland China a main battlefield for Taiwanese and Chinese manufacturers. Meanwhile, the Taiwanese passive component industry has also developed new business opportunities by strengthening new applications in AI servers, WIFI 7, and other emerging fields.

We thank our management team and all employees of the Company for their hard work, and all shareholders for their enduring support and loyalty. The Company adheres to the business philosophy of "integrity, service, growth, and prosperity" and is in alignment with the United Nations SDGs objectives. We continue to promote ESG sustainable development-related policies, strengthen corporate governance, implement corporate culture inheritance, and fulfill social responsibilities. We hope to create greater returns for all stakeholders, thereby honoring and reciprocating your support and love.

I wish you all good health and all the best.

Chairperson: CHOU, WEI LIN

II. Corporate Governance Report

1. Information on directors, supervisors, general manager, vice presidents, assistant vice presidents, and the chiefs of all divisions and branch units

(1) Information on directors:

(i) Information on directors

April 13, 2025

Title	Nationality or place of registration,	Name	Gender and age	Appointment date	Term	Date of initial appointment	Number of shares held at the time of appointment		Number of shares currently held		Shares held by the spouse and minor children		Shares held through nominees		Primary educational background and work experiences	Positions concurrently held in this and other companies	Other officers, directors, or supervisors that are spouses or relatives within the second degree of kinship			Remarks
							Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)			Title	Name	Relationship	
Chairperson	ROC	CHOU, WEI LIN	Male 60 ~ 64 years old	2024.6.25	3 Years	1993.2.25	1,720,000	0.81	4,050,000 (Note)	1.91	0	0	0	0	Master of Business Administration, European University, Switzerland	CEO of Nichidenbo Corporation	None	None	None	
															Purchasing Assistant of Arvin Industries Inc (USA)	Representative of Corporate Director and Chairperson of Lipers Enterprise Co., Ltd				
															Business Section Chief of Taiwan Chemi-Con Corporation	Chairperson and Representative of Corporate Director of Lipers (Hong Kong) Enterprise Co., Ltd.				
															COO and General Manager of Nichidenbo Corporation	Representative of Corporate Director and Chairperson of Scope Technology Co., Ltd.				
																Representative of Corporate Director and Chairperson of Advance Electronic Supply Inc.				
Vice Chairperson	ROC	LEE, KUN CHAN	Male 60 ~ 64 years old	2024.6.25	3 Years	2012.6.21	1,730,532	0.81	2,190,532	1.03	0	0	0	0	Department of Applied Foreign Language, Taichung Institute of Technology	COO of Nichidenbo Corporation	None	None	None	
															Executive Assistant to Chairperson of Cygnus Inc.	Representative of Corporate Director and Chairperson of VIC-DAWN Enterprise Co., Ltd.				
															Sales Executive of Taiwan Chemi-Con Corporation	Representative of Corporate Director and Chairperson of TONSAM Corporation				
															General Manager of Nichidenbo Corporation	Representative of Corporate Director and Chairperson of KOHO (Taiwan) Co., Ltd.				
Director	ROC	Zong Xin Investment Co., Ltd.	N/A	2024.6.25	3 Years	2018.6.20	5,630,000	2.65	5,800,000	2.73	N/A	N/A	N/A	N/A	N/A	None	None	None	None	
		Representative: HUANG, PEI CHING	Female 35 ~ 39 years old			2023.12.20	0	0	0	0	0	0	0	0	Department of Applied Art, Fu Jen Catholic University	Zong Xin Investment Co., Ltd. Chairperson	Chairman of Strategic Investment Committee	HUANG, JEN HU	Father and daughter	
Director	ROC	YU, YAO KUO	Male 50 ~ 54 years old	2024.6.25	3 Years	2015.6.11	324,548	0.15	524,548	0.25	2,247	0.00	0	0	Master of Business Administration, Taiwan University	General Manager of Nichidenbo Corporation	None	None	None	
															Director of Acer Incorporated	General Manager of Lipers Enterprise Co., Ltd				
															Senior Vice President of Sertek Incorporated	General Manager of Advance Electronic Supply Inc.				
															Senior Vice President of Yosun Industrial Corp.	General Manager of Lipers Electronic (SZ) Co., Ltd.				
																General Manager of Nichidenbo (Shenzhen) Trading Co., Ltd.				
Independent Director	ROC	WU, CHIA HSUN	Male 70 ~ 74 years old	2024.6.25	3 Years	2005.06.03	0	0	0	0	0	0	0	0	Master of Finance, National Chengchi University	Committee Convener of Nichidenbo Corporation Convener of Remuneration Committee and Audit	None	None	None	
															Associate Professor of Department of Finance and International Business, Fu Jen Catholic University	Independent Director, Audit Committee Member and Remuneration Committee Member of Tait Marketing & Distribution Co., Ltd.				
																Independent Director, Audit Committee				

Title	Nationality or place of registration,	Name	Gender and age	Appointment date	Term	Date of initial appointment	Number of shares held at the time of appointment		Number of shares currently held		Shares held by the spouse and minor children		Shares held through nominees		Primary educational background and work experiences	Positions concurrently held in this and other companies	Other officers, directors, or supervisors that are spouses or relatives within the second degree of kinship			Remarks
							Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)			Title	Name	Relationship	
																Member and Remuneration Committee Member of Tai Huo Development Co., Ltd.				
Independent Director	ROC	SU, MING YANG	Male 65 ~ 69 years old	2024.6.25	3 Years	2021.7.22	0	0	0	0	0	0	0	0	Department of Electrical Engineering, National Taiwan University  Executive Director of Panasonic Industrial Devices Sales Taiwan Co., Ltd.  Chairperson and General Manager of eGALAX_eMPIA Technology Inc.	Member of the Remuneration Committee and Audit Committee of Nichidenbo Corporation	None	None	None	
Independent Director	ROC	HSU, HSOU CHUN	Male 55 ~ 59 years old	2024.6.25	3 Years	2021.7.22	0	0	0	0	0	0	0	0	Master of Business Administration, Taiwan University  Vice President of Finance of Cirocomm Technology Corporation  Executive Assistant to General Manager of Tailyn Technologies, Inc.  CFO of Siltrontech Electronics Corporation	Member of the Remuneration Committee and Audit Committee of Nichidenbo Corporation Manager of Moneypool Consultant Ltd.  Independent Director, Member of the Remuneration Committee and Convener of the Audit Committee of E-Life Mall Corporation  Supervisor of Jet One Technology Co., Ltd. Director of InnoGreat Technology Co., Ltd.  Director of Cirocomm Technology Corporation Supervisor of Aiseed Inc.	None	None	None	
Independent Director	ROC	WAN, GWO WEI	Male 60 ~ 64 years old	2024.6.25	3 Years	2024.6.25	0	0	0	0	0	0	0	0	Department of Electronic Engineering, Tamkang University  Chairperson of Taiwan Renesas Electronics Co., Ltd.	Member of Remuneration Committee and Audit Committee of Nichidenbo Corporation	None	None	None	

Data source: The shareholding ratio at the time of election was calculated based on issued shares totaling 212,657,150 shares as of June 25, 2024; the current shareholding ratio is based on the shareholding data from the last book closure date on April 13, 2025, and is calculated based on the issued shares totaling 212,597,150 shares.

Note: Included Chairperson CHOU, WEI LIN's 1,500,000 shares in trust accounts with financial institutions with discretion reserved.



(ii) Disclosure of professional qualifications of directors and supervisors and independence of independent directors

April 13, 2025

Name\qualification	Professional qualification and experience	Independence	Number of other publicly listed companies where independent director positions are concurrently held
Director CHOU, WEI LIN	<p>(1) The Director has at least 5 years of work experience in business and corporate business.</p> <p>(2) Once held the position of Chief of Business Section, Chemi-Con Corporation, Taiwan; currently, The Company Chief Executive Officer and various subsidiaries, Chairperson and Director, as detailed on page 3.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(1) The Director is not a director, supervisor, managerial officer or shareholder holding more than 5% of the shares in a specific entity or institution that does not engage in financial or business transactions with the Company.</p> <p>(2) The Director is not a professional auditor or owner, partner, director (executive director), supervisor, manager, or spouse thereof of a sole proprietorship, partnership, entity, or institution that provides auditing services for the Company or any of its affiliates, or that provides commercial, legal, financial, accounting or related services for which they have received remuneration in the past 2 years.</p> <p>(3) The Director is not a relative within the second degree of kinship of other Directors.</p> <p>(4) Individuals who are not representatives of governmental or juridical persons as defined in Article 27 of the Company Act.</p>	None
Director LEE, KUN CHAN	<p>(1) The Director has at least 5 years of work experience in business and corporate business.</p> <p>(2) Once served as the sales of Chemi-Con Corporation in Taiwan, currently serving as the Company Chief Operating Officer and various subsidiaries Chairperson and director, see page 3 for details.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(1) The Director does not directly hold more than 5% of the total issued shares of the Company, nor is he 1 of the 5 largest shareholder or a director, supervisor or employee of an institutional shareholder that designates its representative as a director or supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of article 27 of the Company Act.</p> <p>(2) The Director is not a director, supervisor, managerial officer or shareholder holding more than 5% of the shares of a specific entity or institution that does not engage in financial or business transactions with the Company.</p> <p>(3) The Director is not a professional auditor or owner, partner, director (executive director), supervisor (inspector), manager, or spouse thereof of a sole proprietorship, partnership, company, or institution that provides auditing services to the Company or any of its affiliates, or that provides commercial, legal, financial, accounting or related services for which they have received remuneration in the past 2 years.</p> <p>(4) The Director is not a relative within the second degree of kinship of other Directors.</p> <p>(5) The Director is not appointed as the government, a legal person or a representative thereof as specified in Article 27 of the Company Act.</p>	None
Director Zong Xin Investment Co., Ltd. representative	<p>(1) The Director has at least 5 years of work experience in business and corporate business.</p> <p>(2) The Director is currently</p>	<p>(1) The Director is not a director, supervisor, managerial officer or shareholder holding more than 5% of the shares in a specific entity or institution that does not engage in financial or business transactions with the Company.</p>	None

Name\qualification	Professional qualification and experience	Independence	Number of other publicly listed companies where independent director positions are concurrently held
HUANG, PEI CHING	<p>serving as Zong Xin Investment Co. Ltd. Chairperson, see page 3 for details.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(2) The Director is not a professional auditor or owner, partner, director (executive director), supervisor (inspector), manager, or spouse thereof of a sole proprietorship, partnership, entity, or institution that provides auditing services to the Company or any of its affiliates, or that provides commercial, legal, financial, accounting or related services for which they have received remuneration in the past 2 years.</p> <p>(3) The Director is not a relative within the second degree of kinship of other Directors.</p>	
Director YU, YAO KUO	<p>(1) The Director has at least 5 years of work experience in business and corporate business.</p> <p>(2) The Director was a Department Chief of Acer Incorporated and Senior Vice President of Yosun Industrial Corp., and he is currently the General Manager of the Company and numerous subsidiaries thereof. Please refer to page 3 for details.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(1) The Director is 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 of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(2) The Director does not directly hold more than 5% of the total issued shares of the Company, nor is he is 1 of the 5 largest shareholder or a director, supervisor or employee of an institutional shareholder that designates its representative as a director or supervisor of the Corporation in accordance with Paragraph 1 or Paragraph 2 of article 27 of the Company Act.</p> <p>(3) The Director is not a director, supervisor, managerial officer or shareholder holding more than 5% of the shares of a specific entity or institution that does not engage in financial or business transactions with the Company.</p> <p>(4) The Director is not a professional auditor or owner, partner, director (executive director), supervisor, manager, or spouse thereof of a sole proprietorship, partnership, entity, or institution that provides auditing services to the Company or any of its affiliates, or that provides commercial, legal, financial, accounting or related services for which they have received remuneration in the past 2 years.</p> <p>(5) The Director is not a relative within the second degree of kinship of other Directors.</p> <p>(6) The Director is not appointed as the government, a legal person or a representative thereof as specified in Article 27 of the Company Act.</p>	None
Independent Director WU, CHIA HSUN	<p>(1) The Director has at least 5 years of work experience in accounting and corporate business.</p> <p>(2) The Director is currently serving as Tait Marketing &amp; Distribution Co., Ltd. and Taiwan Fire Development Co., Ltd. independent director, currently a consultant at an accounting</p>	<p>(1) The Director is not an employee of the Company or its associates.</p> <p>(2) The Director is not its associate's director or supervisor.</p> <p>(3) The Director does not hold more than 1% of the Company's outstanding shares in their own name or under the name of a spouse, underage children, or proxy shareholder; nor is a top-10 shareholder of a natural person.</p> <p>(4) The Director is not a manager listed in (1) or a spouse, a relative within the second degree or</p>	2

Name\qualification	Professional qualification and experience	Independence	Number of other publicly listed companies where independent director positions are concurrently held
	<p>firm, holding other positions, see page 3 for details.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>third degree of kinship of the person listed in (2) or (3).</p> <p>(5) The Director does not directly hold more than 5% of the total issued shares of the Company, nor is he 1 of the 5 largest shareholder or a director, supervisor or employee of an institutional shareholder that designates its representative as a director or supervisor of the Company in accordance with Paragraph 1 or Paragraph 2 of article 27 of the Company Act.</p>	
Independent Director SU, MING YANG	<p>(1) The Director has at least 5 years of work experience in business and corporate business.</p> <p>(2) Former Chairperson of eGALAX_eMPIA Technology Inc., currently holds a position at other companies, see page 4 for details.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(6) If the majority of the Company's board seats or voting shares and those of other company are controlled by the same person, the director is not a director, supervisor, or employee of that other company.</p> <p>(7) A director, supervisor, or employee of another entity or organization and is not the same person or spouse of the Company's chairman, general manager, or equivalent.</p> <p>(8) A director, supervisor, manager, or shareholder holding more than 5% of the shares of a specified entity or institution that does not have a financial or business relationship with the Company.</p>	None
Independent Director HSU, HSOU CHUN	<p>(1) The Director has at least 5 years of work experience in accounting and corporate business.</p> <p>(2) The Director held the position of Chief Financial Officer of Siltrontechnics Corporation, and currently holds other positions, as detailed on page 4.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(9) The Director is not a professional auditor or owner, partner, director (executive director), supervisor, manager, or spouse thereof of a sole proprietorship, partnership, entity, or institution that provides audit services for the Company or any of its affiliates, or that provides commercial, legal, financial, accounting or related services for which they have received remuneration in the past 2 years.</p> <p>(10) The Director is not a relative within the second degree of kinship of other Directors.</p> <p>(11) The Director is not appointed as the government, a legal person or a representative thereof as specified in Article 27 of the Company Act.</p> <p>director, supervisor or employee of another company who is not controlled by the same person who holds more than half of the directorships or voting shares of the Company.</p>	1
Independent Director WAN, GWO WEI	<p>(1) The Director has at least 5 years of work experience in business and corporate business.</p> <p>(2) The Director held the position of Chairperson of Renesas Electronics Corporation, Taiwan, and currently holds a position at other companies as detailed on page 4.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>		None

(iii) Diversity and Independence of the Board of Directors :

(a) Diversity of the Board of Directors:

According to Article 20 of the Company "Corporate Governance Principles", diversity should be prioritized in the composition of Board of Directors. An appropriate diversity policy is formulated based on the Company's operations, business type and development needs, which should encompass but not be limited to the following two major standards:

- A. Basic requirements and values: Gender, age, nationality, culture, etc.
- B. Professional knowledge and skills: professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.

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

- A. Ability to make operational judgments.
- B. Ability to perform accounting and financial analysis.
- C. Ability to conduct business management.
- D. Ability to conduct crisis management.
- E. Knowledge of the industry.
- F. An international market perspective.
- G. Ability to lead.
- H. Ability to make decisions.

The Company continues to implement the succession plan for directors, cultivating or recruiting experts from various fields to join the Board of Directors. The Company's directors were fully re-elected at the Shareholders' Meeting held in June 2024. As of December 31, 2024, there were 8 seats in the 14th Board of Directors (including 4 seats for independent directors), with 1 seat held by a female director. The proportion of female directors on the current Board of Directors accounts for 13% of all board members.

The Board of Directors consists of one member aged over 70, one member aged 65 to 69, three members aged 60 to 65, one member aged 55 to 59, one member aged 50 to 54, and one member aged 35 to 39. All the directors are Taiwanese citizens. The Company's Board of Directors is aiming to become younger. For director elections in the future, appropriate candidates will be invited to join the Board of Directors in response to changes in the Company's development strategy and internal/external environment as well as considering gender equality in the composition of Board of Directors members, thereby improving gender balance of the Board of Directors.

(b) Implementation of diversification of Board members

Title	Name	Gender	Age	Operational judgments	Accounting and financial analysis	Management administration	Crisis management	Industry knowledge	International market perspective	Leadership and decision making
Chairperson	CHOU, WEI LIN	Male	60 ~ 64 years old	✓		✓	✓	✓	✓	✓
Vice Chairperson	LEE, KUN CHAN	Male	60 ~ 64 years old	✓		✓	✓	✓	✓	✓
Representative of Corporate Director	HUANG, PEI CHING	Female	35 ~ 39 years old	✓		✓	✓	✓	✓	✓
Director	YU, YAO KUO	Male	50 ~ 54 years old	✓		✓	✓	✓	✓	✓
Independent Director	WU, CHIA HSUN	Male	70 ~ 74 years old		✓		✓			
Independent Director	SU, MING YANG	Male	65 ~ 69 years old	✓		✓	✓	✓	✓	✓

Title	Name	Gender	Age	Operational judgments	Accounting and financial analysis	Management administration	Crisis management	Industry knowledge	International market perspective	Leadership and decision making
Independent Director	HSU, HSOU CHUN	Male	55 ~ 59 years old		✓	✓	✓		✓	
Independent Director	WAN, GWO WEI	Male	60 ~ 64 years old	✓		✓	✓	✓	✓	✓

(c) Explanation regarding either gender that does not hold at least 1/3 of total board seats:

The nomination of candidates during the 2024 Annual Re-election was mainly for the purpose of recruiting experts from different fields to join the Board of Directors, and currently there is only 1 female director. When evaluating the candidates for directorships in the future, the Company will consider both operational needs and gender balance, appointing members of the Board of Directors with diverse professional backgrounds to incorporate more perspectives from directors with different backgrounds.

(d) Independence of Board of Directors:

The Company directors were fully re-elected at the Shareholders' Meeting in June 2024. As of December 31, 2024, the 14th Board of Directors consists of 8 seats, including 4 independent directors, representing 50% of the entire board members. There is 1 female director, accounting for 13% of the entire board members. Directors with employee status number 3, represent 38% of the entire board membership.

By the end of 2024, all independent directors comply with the regulations the Financial Supervisory Commission of the Executive Yuan regarding independent directors, and there are no circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act among directors and independent directors. The Board of Directors of the Company maintains independence (please refer to the disclosure of directors' professional qualifications and independent director's independence).

The Company's directors have no marital relationship or a relative within the second degree of kinship to any other person (see page 3 for details).

(iv) Director and supervisor as the representatives of corporate shareholders

April 13, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders
Zong Xin Investment Co., Ltd.	HUANG, PEI CHING (45.50%), HUANG, PEI WEN (45.50%), HUANG, JEN HU (9.00%)

(2) Information on general manager, vice presidents, assistant vice presidents, and the managers of each department and branch institution

April 13, 2025

Title	Nationality	Name	Gender	Date of Appointment	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal educational and work experiences	Positions concurrently held in other entities	Spouse or relative within the second degree of kinship holding a position as manager			Remarks
					Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)			Title	Name	Relationship	
Chief Executive Officer	ROC	CHOU, WEI LIN	Male	2016.10.1	4,050,000 (Note 1)	1.91	0	0	0	0	Master of Business Administration, European University, Switzerland Purchasing Assistant of Arvin Industries Inc (USA) Business Manager of Taiwan Chemi-Con Corporation COO and General Manager of Nichidenbo Corporation	Representative of Corporate Director and Chairperson of Lipers Enterprise Co., Ltd. Chairperson and Representative of Corporate Director of Lipers (Hong Kong) Enterprise Co., Ltd. Representative of Corporate Director and Chairperson of Scope Technology Co., Ltd. Representative of Corporate Director and Chairperson of Advance Electronic Supply Inc. Director of Nichidenbo (Mauritius) Ltd.	None	None	None	(Note 4)
Chairman of Strategic Investment Committee	ROC	HUANG, JEN HU	Male	2018.6.20	200,000	0.09	0	0	0	0	Department of Management & Law, Kindai University, Japan Business Assistant Vice President of Taiwan Chemi-Con Corporation Chairperson, CEO and General Manager of Nichidenbo Corporation	Director of Zong Xin Investment Co., Ltd. Director of JSW Pacific Corporation	None	None	None	
Chief Operating Officer	ROC	LEE, KUN CHAN	Male	2019.9.1	2,190,532	1.03	0	0	0	0	Department of Foreign Languages, Taichung Commercial College Executive Assistant to Chairperson of Cygnus Inc. Sales Executive of Taiwan Chemi-Con Corporation General Manager of Nichidenbo Corporation	Representative of Corporate Director and Chairperson of VIC-DAWN Enterprise Co., Ltd. Representative of Corporate Director and Chairperson of TONSAM Corporation Representative of Corporate Director and Chairperson of KOHO (Taiwan) Co., Ltd.	None	None	None	
General Manager	ROC	YU, YAO KUO	Male	2019.9.1	524,548	0.25	2,247	0.00	0	0	Master of Business Administration, Taiwan University Department Chief of Acer Incorporated Senior Vice President of Sertek Incorporated Senior Vice President of Yosun Industrial Corp.	General Manager of Lipers Enterprise Co., Ltd. General Manager of Advance Electronic Supply Inc. General Manager of Lipers Electronic (SZ) Co., Ltd. General Manager of Nichidenbo (Shenzhen) Trading Co., Ltd. General Manager of Nichidenbo Suzhou Trading Co., Ltd.	None	None	None	
Vice President	ROC	LIAO, LI SHU	Female	2013.9.1	373,000	0.18	0	0	0	0	Graduate Institute of Finance and International Business, Fu Jen Catholic University Assistant Project Manager of Security Underwriting Department, Yuanta Securities Co., Ltd.	Supervisor of VIC-DAWN Enterprise Co., Ltd. Supervisor of KOHO (Taiwan) Co., Ltd.	None	None	None	
Vice President	ROC	HOU, CHIN HWA	Female	2013.9.1	532,215 (Note 2)	0.25	0	0	0	0	Department of Accounting, Fu Jen Catholic University Deputy Manager, Accounting Department, Haotai Construction Co., Ltd.	Supervisor of Lipers Enterprise Co., Ltd.	None	None	None	
Senior Vice President	ROC	HUNG, CHIN HAN	Male	2022.7.1	530,674	0.25	236	0.00	0	0	Department of Human Sciences at Osaka University Sales Executive of Taiwan Chemi-Con Corporation General Manager of VIC-DAWN Enterprise Co., Ltd.	None	None	None	None	
Vice President and Chief Corporate Governance Officer	ROC	LAI, NAN CHUN	Female	2017.9.1	385,372	0.18	5,000	0.00	0	0	Department of Business Administration, Shih Chien University Auditor of KPMG Taiwan Security Underwriting Counseling of Capital Securities Corporation Chief Internal Auditor of Nichidenbo Corporation.	None	None	None	None	
Financial Officer	ROC	HSU, SHU HUI	Female	2015.8.11	40,000	0.02	2,388	0.00	0	0	Department of Accounting, Providence University Candor Taiwan CPAs Andante Co., Ltd. Accounting Assistant Manager of Accounting, Yosun Industrial Corp	Supervisor of Lipers Electronic (SZ) Co., Ltd. Director of Nichidenbo Suzhou Trading Co., Ltd.	None	None	None	
Assistant Vice President	ROC	YANG, WEN CHI	Male	2019.7.1	92,000	0.04	0	0	0	0	Department of Civil Engineering, Tamkang University Sales Manager of Asia-Pacific Telecom Co., Ltd.	None	None	None	None	
Assistant Vice President	ROC	HSU, CHI PING	Male	2021.7.1	727,628 (Note 3)	0.34	304,348	0.14	0	0	Sihai Technical College Manager of Nichidenbo Corporation	None	None	None	None	
Assistant Vice President	ROC	LEE, PO YI	Male	2021.7.1	52,000	0.02	0	0	0	0	Department of Applied Sciences, University of British Columbia Senior Director of Nichidenbo Corporation	None	None	None	None	
Assistant Vice President	ROC	LIN, TSAN WEI	Male	2023.7.1	17,402	0.01	0	0	0	0	Master of Management, Yuan Ze University Product Manager of Swowin Information Co., Ltd.	None	None	None	None	
Controller	ROC	KU, HSIN PING	Female	2023.9.1	23,300	0.01	0	0	0	0	Department of Accounting, Tamkang University Associate Manager of Audit Department, Deloitte & Touche	None	None	None	None	

Data source: The shareholding percentage is based on the shareholding data as of April 13, 2025, the latest book closure date, and is calculated based on the total number of issued shares of 212,597,150 shares.

Note 1: Including Chief Executive Officer CHOU, WEI LIN in trust accounts with financial institutions with discretion reserved for 1,500,000 shares.

Note 2: Including Vice President HOU, CHIN HWA's 530,000 shares in trust accounts with financial institutions with discretion reserved.

Note 3: Including 558,000 shares of Associate Manager HSU, CHI PING in trust accounts with financial institutions with discretion reserved.

Note 4: Where the Chairperson and the highest-level manager are the same person, a couple, or relatives within the first degree of kinship, a disclosure shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto:

The Company's Chairperson serves as Chief Executive Officer to enhance operational efficiency and decision-making execution. The Chairperson communicates thoroughly with each director on the operational overview and strategic objectives. Additionally, the current two independent directors possess financial and accounting expertise, effectively performing their supervisory duties. Furthermore, annual training is arranged for directors to enhance each director's professional knowledge and strengthen the operational performance of the Board of Directors.

The Company has set up a total of 4 independent directors by the end of 2023 in response to the Company's future business model and the diversified needs of business development, and more than half of the directors do not concurrently serve as employees or managerial officers to enhance the functions of the Board of Directors and strengthen corporate governance.

2. Remuneration paid to directors, supervisors, general manager, and vice presidents during the latest year

(1) Remuneration to directors, general manager, and vice presidents  
(i) Director and independent director remuneration

December 31, 2024  
Unit: NT\$ thousand

Title	Name	Remuneration paid for serving as a director								Ratio of total remuneration (A+B+C+D) to net income after tax (%)		Remuneration paid for serving as an employee								Ratio of total remuneration (A+B+C+D+E+F+G) to net profit after tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		Base remuneration (A)		Pension (B)		Remuneration of directors and supervisors (C) (Note 1)		Business execution expenses (D)				Salaries, bonuses and special expenses, etc. (E) (Note 2)		Pension (F) (Note 3)		Employee Remuneration (G) (Note 1)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
Chairperson	CHOU, WEI LIN (a)	0	0	0	0	16,771	16,771	150	150	16,921 1.79%	16,921 1.79%	27,974	27,974	1,133	1,133	25,062	0	25,062	0	71,090 7.51%	71,090 7.51%	None
Vice Chairperson	LEE, KUN CHAN (b)																					
Director	Zong Xin Investment Co., Ltd. (c)																					
	Representative: HUANG, PEI CHING (d)																					
Director	Civic Textile Co., Ltd.(e)																					
	Representative: TSAI, YU CHIN (f)																					
Director	YU, YAO KUO (g)																					
Director	HOU, CHIN HWA (h)																					
Director	HUNG, CHIN HAN (i)																					
Independent Director	YEN, KUO LUNG (j)	2,402	2,402	0	0	0	0	115	115	2,517 0.27%	2,517 0.27%	0	0	0	0	0	0	0	2,517 0.27%	2,517 0.27%	None	
Independent Director	SU, MING YANG (k)																					
Independent Director	HSU, HSOU CHUN (l)																					
Independent Director	WU, CHIA HSUN (m)																					
Independent Director	WAN, GWO WEI (n)																					

Note 1: The Board of Directors resolved to distribute remuneration of NT \$16,771 thousand for serving as a director and NT \$78,266 thousand for serving as an employee.

Note 2: This pertains to the compensation received by employees concurrently serving as directors in 2024, including salaries, job allowances, various bonuses, various allowances, company cars, and other physical items, as well as the cost of restricted stock award share compensation.

Note 3: Retirement pension comprises the allocation of determined welfare cost and pension based on the total monthly salary.

Note 4: The Company’s director remuneration payment policy, system, standard and structure, and describe the relationship with the amount of remuneration according to the responsibilities, risks, time invested and other factors:  
The amount of remuneration is determined in accordance with the Company's "Articles of Incorporation" and "Regulations Governing Remuneration to Directors." In addition, the Company's operating performance, the fluctuation risk of the industry economy in the future, and the risks associated with the Company's future operations are also taken into consideration.

Note 5: Remuneration received for services rendered by the Company's director in the latest year (such as serving as a non-employee consultant for the parent company/all companies in the financial report/investees):

Note 6: Civic Textile Co., Ltd. stepped down from the position of director on June 25, 2024.

Note 7: Miss HOU, CHIN HWA stepped down from the position of director on June 25, 2024.

Note 8: Mr. HUNG, CHIN HAN stepped down from the position of director on June 25, 2024.

Note 9: Mr. YEN, KUO LUNG stepped down from the position of independent director on June 25, 2024.

Note 10: Mr. WAN, GUO WEI was appointed as independent director on June 25, 2024.

Range of remuneration paid to directors of the Company	Names of directors			
	Summation of the first 4 items (A+B+C+D)		Summation of the first 7 items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial statements (H)	The Company	All companies in the financial statements (I)
Below NT \$1,000,000	(d) 、(f) 、(j) 、(k) 、 (l) 、(m) 、(n)	(d) 、(f) 、(j) 、(k) 、 (l) 、(m) 、(n)	(d) 、(f) 、(j) 、(k) 、 (l) 、(m) 、(n)	(d) 、(f) 、(j) 、(k) 、 (l) 、(m) 、(n)
NT \$1,000,000 (inclusive) ~ NT \$2,000,000 (exclusive)	(e) 、(h) 、(i)	(e) 、(h) 、(i)	(e)	(e)
NT \$2,000,000 (inclusive) ~ NT \$3,500,000 (exclusive)	(b) 、(c) 、(g)	(b) 、(c) 、(g)	(c)	(c)
NT \$3,500,000 (inclusive) ~ NT \$5,000,000 (exclusive)			(h) 、(i)	(h) 、(i)
NT \$5,000,000 (inclusive) ~ NT \$10,000,000 (exclusive)	(a)	(a)		
NT \$10,000,000 (inclusive) ~ NT \$15,000,000 (exclusive)				
NT \$15,000,000 (inclusive) ~ NT \$30,000,000 (exclusive)			(a) 、(b) 、(g)	(a) 、(b) 、(g)
NT \$30,000,000 (inclusive) ~ NT \$50,000,000 (exclusive)				
NT \$50,000,000 (inclusive) ~ NT \$100,000,000 (exclusive)				
Over NT \$100,000,000				
Total	14	14	14	14



- (ii) Remuneration of Supervisors: Not applicable.  
(iii) General Manager and Vice President's Remuneration

December 31, 2024  
Unit: NT\$ thousand

Title	Name	Salary (A) (Note 1)		Pension (B) (Note 2)		Bonuses and Allowances (C) (Note 1)		Employee Remuneration (D) (Note 3)				A 、 B 、 C 、 D Total amount and its proportion to net profit after tax (%)		Remuneration from ventures other than subsidiaries or from the parent company
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash	Stock Amount	Cash	Stock Amount			
Chief Executive Officer	CHOU, WEI LIN (a)	18,614	18,614	1,546	1,546	25,006	25,156	41,822	0	41,822	0	86,988 9.19%	87,138 9.20%	None
Chairman of Strategic Investment Committee	HUANG, JEN HU (b)													
Chief Operating Officer	LEE, KUN CHAN (c)													
General Manager	YU, YAO KUO (d)													
Senior Vice President	HUNG, CHIN HAN (e)													
Vice President	LIAO, LI SHU (f)													
Vice President	HOU, CHIN HWA (g)													
Vice President	LAI, NAN CHUN (h)													

Note 1: Salaries, bonuses and special expenses include salaries, job allowances, various bonuses, various allowances, company cars, etc., and include the cost of restricted stock awards.

Note 2: The retirement pension is the allocation of the determined welfare cost and the pension based on the total salary on a monthly basis.

Note 3: The employee remuneration of NT \$78,266 thousand distributed according to a board resolution.

Range of remunerations paid to general manager and deputy manager of the Company	Names of general manger and deputy general manager	
	The Company	All companies in the financial statements
Below NT \$1,000,000		
NT \$1,000,000 (inclusive) ~ NT \$2,000,000 (exclusive)		
NT \$2,000,000 (inclusive) ~ NT \$3,500,000 (exclusive)		
NT \$3,500,000 (inclusive) ~ NT \$5,000,000 (exclusive)	(h)	(h)
NT \$5,000,000 (inclusive) ~ NT \$10,000,000 (exclusive)	(e) 、(f) 、(g)	(e) 、(f) 、(g)
NT \$10,000,000 (inclusive) ~ NT \$15,000,000 (exclusive)	(c) 、(d)	(c) 、(d)
NT \$15,000,000 (inclusive) ~ NT \$30,000,000 (exclusive)	(a) 、(b)	(a) 、(b)
NT \$30,000,000 (inclusive) ~ NT \$50,000,000 (exclusive)		
NT \$50,000,000 (inclusive) ~ NT \$100,000,000 (exclusive)		
Over NT \$100,000,000		
Total	8	8

(2) Names of managers who receive employee bonuses and distribution status

December 31, 2024; Unit: NT\$ thousand

	Title	Name	Amount of shares	Amount of Cash (Note)	Total	Percentage of total amount to net profits after tax (%)
Manager	Chief Executive Officer	CHOU, WEI LIN	0	48,902	48,902	5.16%
	Chairman of Strategic Investment Committee	HUANG, JEN HU				
	Chief Operating Officer	LEE, KUN CHAN				
	General Manager	YU, YAO KUO				
	Senior Vice President	HUNG, CHIN HAN				
	Vice President	LIAO, LI SHU				
	Vice President	HOU, CHIN HWA				
	Vice President	LAI, NAN CHUN				
	Financial officer	HSU, SHU HUI				
	Controller	KU, HSIN PING				
	Assistant Vice President	LIN, TSAN WEI				
	Assistant Vice President	YANG, WEN CHI				
	Assistant Vice President	HSU, CHI PING				
	Assistant Vice President	LEE, PO YI				

Note: Employee remuneration of NT \$78,266 thousand according to a board resolution.

(3) Separately compare and describe total remuneration, as a percentage of net profit after tax stated in the parent company only financial reports, as paid by the Company and by each other company included in the consolidated financial statements during the latest 2 years to directors, supervisors, the general manager, and the vice presidents, and analyze and describe remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

(i) Analysis of the percentages of the total amounts of remunerations paid to directors, supervisors, the general manager and the vice presidents by the Company and all companies in the consolidated financial statements to the net profit after tax of the unconsolidated financial statement in the latest two years.

Unit: NT\$ thousand

Item  Title	The Company				All companies in the consolidated financial statements			
	2023		2024		2023		2024	
	Total Amount	Percentage of total amount to net profits after tax	Total Amount	Percentage of total amount to net profits after tax	Total Amount	Percentage of total amount to net profits after tax	Total Amount	Percentage of total amount to net profits after tax
Remuneration to directors	15,342	2.17%	19,438	2.05%	15,342	2.17%	19,438	2.05%
Remuneration to supervisors	-	-	-	-	-	-	-	-
Remuneration to supervisors general manager and vice presidents	82,152	11.63%	86,988	9.19%	82,252	11.65%	87,138	9.20%
Net profit after tax	706,306	-	946,798	-	706,306	-	946,798	-

Note 1: The total amount of remunerations to director, the general manager and the vice president in 2024 is higher than that in 2023, mainly due to the increase in net profit after tax.

Note 2: The Company established the Audit Committee to replace the supervisor after the General Shareholders' Meeting held on July 22, 2021, which replaced the role of supervisors, hence no compensation has been paid to supervisors.

(ii) The compensation policy, standards and components, procedures for determining compensation, and their correlation with business performance and future risks:

- (a) Director Remuneration includes salary, travel expenses and director bonus:  
Salaries are determined based on the industry standards. If a Director concurrently holds the position within the Company, their remuneration for that position is determined by the Chairperson under the authorization of the Board of Directors in accordance following internal management regulations. Transportation expenses are determined by Board of Directors based on industry standards, and are disbursed according to Director's attendance at board meeting. In terms of director remuneration, it is handled in accordance with the Company's Articles of Incorporation regulations. When the Company makes a profit in the year, no more than 3% will be allocated as Director remuneration. At the same time, it is based on its individual participation in the operation of the Company and performance evaluation as a whole. The considerations include the practice of the Company's core values and operational management capabilities, financial and business operation performance indicators and integrated management indicators, continuing education and participation in sustainable management, and the evaluation of other's special contributions or major negative events, which are included in the performance evaluation and issuance consideration.
- (b) Managerial officer remuneration includes salary, bonus and employee remuneration:  
Salaries, bonuses, and employee remuneration are based on industry

standards, scope of responsibilities, and contribution to the Company's overall operations, and performance, and are handled in accordance with the employee salary management measures and relevant regulations set by the Company. The employee remuneration is handled in accordance with the Company's Articles of Incorporation. When the Company makes a profit in a given year, no less than 5% will be allocated as employee remuneration. At the same time, it is based on the overall consideration of his/her personal participation in the operation of the Company and performance evaluation. The considerations include the achievement of work performance goals, professional knowledge and potential, internal management and leadership, ESG sustainable management performance, and the measurement of other special contributions or major negative events, which are included in the performance evaluation and issuance considerations.

- (c) The remuneration to directors and managers is proposed by the Company's Remuneration Committee and then submitted to the Company's Board of Directors for discussion and resolution.
- (d) In accordance with the Articles of Incorporation and the operation of the Board of Directors and the Remuneration Committee, the remuneration to directors and managers shall be promptly reviewed based on their participation in the Company's operations and the value of their contributions. Besides, the possibility and relevance of future risks shall be minimized to strike a balance between sustainable operation and risk control. The Company has purchased liability insurance for all of its directors and managers. The Company has purchased liability insurance for all directors and managers to mitigate unknown risks borne by the Company and transfer potential damages that may arise from directors', managers', and the Company's execution of out duties.
- (e) To realize the vision and strategy of sustainable development, starting from 2024, the Company has incorporated the performance evaluation of senior managers into Environmental, Social, and Governance (ESG) indicators, and specifically linked ESG sustainable operation performance with compensation. This initiative aims to enhance the sense of responsibility and influence of senior management in promoting corporate sustainable development. By integrating ESG indicators into the compensation and reward mechanism, we aim to motivate the leadership team to actively assume social and environmental responsibilities while promoting stable corporate growth, thereby jointly creating a sustainable future for the Company.

**Performance evaluation items for senior managers (vice presidents and above)**

Performance Indicators		Weight	Remarks
Strategic and management administration indicators (70%)		70%	<ul style="list-style-type: none"> <li>◎ Achievement of performance targets</li> <li>◎ Professional knowledge and potential</li> <li>◎ Internal management and leadership</li> </ul>
ESG sustainability management indicators (30%)	Environmental aspect	5%	<ul style="list-style-type: none"> <li>◎ Energy and greenhouse gas management</li> </ul>
	Social aspect	15%	<ul style="list-style-type: none"> <li>◎ Procurement practices and safety</li> <li>◎ Customer service</li> <li>◎ Human rights</li> </ul>
	Governance aspect	10%	<ul style="list-style-type: none"> <li>◎ Corporate governance and ethical corporate management</li> <li>◎ Information security</li> </ul>

### 3. Corporate governance implementation

#### (1) Operation of Board of Directors

In the latest year, the Board of Directors convened a total of 6 meetings (A). Attendance of director is listed as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) B/A	Remarks
Chairperson	CHOU, WEI LIN	6	0	100	Re-election on June 25, 2024: Reappointment
Vice Chairperson	LEE, KUN CHAN	6	0	100	Re-election on June 25, 2024: Reappointment
Director	Zong Xin Investment Co., Ltd. representative: HUANG, PEI CHING	6	0	100	Re-election on June 25, 2024: Reappointment
Director	YU, YAO KUO	6	0	100	Re-election on June 25, 2024: Reappointment
Director	HOU, CHIN HWA	2	0	100	Re-election on June 25, 2024: Ongoing Appointment
Director	HUNG, CHIN HAN	2	0	100	Re-election on June 25, 2024: Ongoing Appointment
Director	Civic Textile Co., Ltd. Representative: TSAI, YU CHIN	2	0	100	Re-election on June 25, 2024: Ongoing Appointment
Independent Director	YEN, KUO LUNG	2	0	100	Re-election on June 25, 2024: Ongoing Appointment
Independent Director	WU, CHIA HSUN	6	0	100	Re-election on June 25, 2024: Reappointment
Independent Director	SU, MING YANG	5	0	83	Re-election on June 25, 2024: Reappointment
Independent Director	HSU, HSOU CHUN	6	0	100	Re-election on June 25, 2024: Reappointment
Independent Director	WAN, GWO WEI	4	0	100	Re-election on June 25, 2024: New appointment

Other mentionable matters:

I. If any of the following circumstances occur during the operation of the Board of Directors, the dates of the board meetings, sessions, contents of motion, all independent directors' opinions and the Company's response should be specified:

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

According to Article 14-3 of the Securities and Exchange Act, the relevant proposals are as follows. An Independent Director has no objections or reservations.

All proposals have been passed by the Board of Directors.

	Meeting date	Significant resolutions (Securities and Exchange Act Article 14-3)	Independent director's opinion	
			No opinion	Any objection, expression of reservations or significant recommendation
The 14th meeting of the 13th Board of Directors	2024.3.13	Resolution to approve the appointment of CPAs to audit or review the 2024 financial statements of the Company and their remuneration.	✓	
		Resolution to approve the amendment to the regulations governing the remuneration of the Company's managers	✓	
		Resolution to approve the distribution of the Company's 2023 employee remuneration and director's remuneration.	✓	
		Resolution to approve the lending of funds by the Company to its subsidiary, KOHO (Taiwan) Co., Ltd.	✓	
		Resolution to approve the increase in the acquisition of long-term marketable equity securities investment in Concord Advanced Technology Co., Ltd.	✓	
		Resolution to approve the amendment to the Company's 2024 "Internal Control System" and "Internal Audit Implementation Rules".	✓	
		Resolution to approve the Company's 2023 "Internal Control System Effectiveness Assessment" and "Internal Control System Statement".	✓	
The 15th meeting of the 13th Board of Directors	2024.5.8	Resolution to approve the 2023 remuneration distribution plan for the directors of the Company.	✓	
		Resolution to approve the 2023 employee remuneration distribution plan for the Company's managerial officers.	✓	
		Resolution to approve the Company's manager salary adjustment plan.	✓	
The 2nd meeting of the 14th Board of Directors	2024.8.7	Resolution to approve the appointment of the members of the 6th session of the Company's Remuneration Committee.	✓	
		Resolution to approve the lifting of the prohibition of competition for the independent director, HSU, HSOU CHUN.	✓	
The 3rd meeting of the 14th Board of Directors	2024.8.28	Resolution to approve the increase in the Company's long-term equity investment in WT Microelectronics Co., Ltd..	✓	
		Resolution to approve the increase in the Company's long-term equity investment in WT Microelectronics Co., Ltd..	✓	
		Resolution to approve the Company's the long-	✓	

		term equity investment in WT Microelectronics Co., Ltd.		
The 4th meeting of the 14th Board of Directors	2024.11.6	Resolution to approve the lending of funds by the Company to its subsidiary, Lipers Enterprise Co., Ltd.	✓	
		Resolution to approve the lending of funds from the Company to its subsidiary, Scope Technology Co., Ltd.	✓	
		The Company has disposed of the short-term securities issued by Honey Hope Honesty Enterprise Co., Ltd.	✓	
		Resolution to approve the amendment to the Company's 2024 "Internal Control System - Other Cycles" and "Internal Audit Implementation Rules - Other Cycles."	✓	

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution made by the Board of Directors: None.

II. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting status should be specified:

Date and session of the meeting	Names of directors	Description of proposal	Causes for avoidance and voting status
May 8, 2024, The 15th meeting of the 13th Board of Directors	All attending directors successively recused themselves due to their respective interests.	Proposal to approve the 2023 remuneration distribution to the Company's directors.	In this proposal, as the Chairperson CHOU, WEI LIN is the Chairman of the Company, he recused himself from the discussion of his own remuneration appropriation due to a conflict of interest. Therefore, YEN, KUO LUNG director was appointed as the acting Chairperson, and the acting Chairperson consulted with other attending directors and independent directors, all of whom agreed to pass the resolution. Additionally, when discussing the remuneration appropriation for other directors, other directors abstained from voting on their own remuneration appropriation due to conflicts of interest. Chairperson CHOU, WEI LIN consulted with the attending directors and independent directors, all of whom agreed to pass the resolution.
	CHOU, WEI LIN LEE, KUN CHAN YU, YAO KUO HOU, CHIN HWA HUNG, CHIN HAN	Proposal to approve the distribution of the 2023 employee remuneration for managerial officers of the Company.	As the Chairperson CHOU, WEI LIN is the Chief Executive Officer of the Company, he must abstain from voting on discussions regarding his annual employee remuneration disbursement. Therefore, Director YEN, KUO LUNG was appointed as the acting Chairperson. The acting Chairperson inquired with the directors and independent directors present, except for CHOU, WEI LIN, LEE, KUN CHAN, YU, YAO KUO, HOU, CHIN HWA, and HUNG, CHIN HAN, who are the Chief Executive Officer, Chief Operating Officer, General Manager, Vice President, and Senior Vice President of the Company, and must recuse themselves from voting on the distribution amount of their annual employee remuneration due to

				conflicts of interest. All other directors and independent directors present unanimously agreed to pass the resolution.
		CHOU, WEI LIN LEE, KUN CHAN YU, YAO KUO HOU, CHIN HWA and HUNG, CHIN HAN	Proposal to approve the salary adjustment for the Company's managerial officers.	In this proposal, CHOU, WEI LIN was the Chairperson and Chief Executive Officer of the Company. In order to discuss his own promotion and salary adjustments, it was necessary for him to abstain from voting. Therefore, Director YEN, KUO LUNG was appointed as the acting Chairperson. The acting Chairperson consulted with the directors and independent directors present, except for Director CHOU, WEI LIN, LEE, KUN CHAN, YU, YAO KUO, HOU, CHIN HWA, and HUNG, CHIN HAN, who are the Chief Executive Officer, Chief Operating Officer, General Manager, Vice President, and Senior Vice President of the Company, and needed to recuse themselves from voting on their own promotions and salary adjustments due to conflicts of interest. The rest were unanimously approved by all directors and independent directors present.
	August 7, 2024 The 2nd meeting of the 14th Board of Directors	WU, CHIA HSUN SU, MING YANG HSU, HSOU CHUN WAN, GWO WEI	Proposal to appoint members of the 6th Remuneration Committee of the Company.	The Chair consulted with the attending directors and independent directors, except for independent directors, WU, CHIA HSUN, SU, MING YANG, HSU, HSOU CHUN, and WAN KUO WEI, who recused themselves from voting on their own appointment to the Remuneration Committee due to a conflict of interest. The rest were approved by all attending directors without objection.
		HSU, HSOU CHUN	Proposal to approve the lifting of prohibition of competition for an independent director, HSU, HSOU CHUN.	In this proposal, as HSU, HSOU CHUN is an independent director of the Company, he is required to recuse himself from the discussion of his own prohibition of competition and not to participate in the voting. The rest were approved by all directors and independent directors present with unanimous consent, and the proposal will be submitted to the next Shareholders' Meeting for discussion and resolution.

### III. The Board of Directors evaluation and implementation

Evaluation frequency	Evaluation period	Scope of evaluation	Evaluation method	Evaluation content
Once a year	2024/1/1-2024/12/31	The entire Board of Directors	Board of Directors self-evaluation	<ol style="list-style-type: none"> <li>1. Participation in the operation of the Company</li> <li>2. Improvement of the decision-making quality of the Board of Directors</li> <li>3. Composition and structure of the Board of Directors</li> <li>4. Selection and continuing education of Directors</li> <li>5. Internal control</li> </ol>
Once a year	2024/1/1-2024/12/31	Individual board members	Board members self-evaluation	<ol style="list-style-type: none"> <li>1. Alignment of the goals and missions of the Company</li> <li>2. Director's awareness of duties</li> </ol>



				3. Participation in the operation of the Company 4. Internal relationship management and communication 5. Expertise and continuing education of Directors 6. Internal control
Once a year	2024/1/1-2024/12/31	The Remuneration committee	Self-evaluation by the committee	1. Participation in the operation of the Company 2. Awareness of the duties of the Remuneration Committee 3. Improvement of the decision-making quality of the Remuneration Committee 4. Composition of the Remuneration Committee and election of its members 5. Internal control
Once a year	2024/1/1-2024/12/31	The Audit Committee	Self-evaluation by the committee	1. Participation in the operation of the Company 2. The Audit Committee awareness of duties 3. Improvement of the decision-making quality of the Audit Committee 4. Composition of the Audit Committee and election of its members 5. Internal control
Triennially	2023/11/1-2024/10/31	The entire Board of Directors	External professional organization "Taiwan Integrity Management Association"	1. Board of Directors' professionalism (Composition and structure of the Board of Directors, Election and continuing education of the directors) 2. Board of Directors' decision-making (participation in the operation of the Company, improvement of the quality of the Board of Directors' decision-making) 3. The importance and supervision of internal control by the Board of Directors 4. The Board of Directors' attitude towards sustainable management

The overall average scores for the internal self-evaluation of the Board of Directors, the self-evaluation of Board of Directors members, the internal self-evaluation of the Remuneration Committee, the internal self-evaluation of the Audit Committee, and the external evaluation of the Board of Directors are 4.89, 4.92, 5, 4.96, and 4.95 respectively (all scores are out of a maximum of 5), indicating that the operation of the Board of Directors and functional committees is positively evaluated.

The 2024 performance evaluation of the Board of Directors and functional committees was approved by the Board of Directors on March 13, 2025.

The 2024 external evaluation of the Board of Directors was approved by the Board of Directors on November 6, 2024.

IV. Goals for strengthening the functions of the Board of Directors in the current year and the most recent years, along with evaluations of their implementation are as follows:

- (1) Strengthen the diversity of the director's composition. In the future, the Company will consider both operational needs and balanced gender when evaluating the candidates for the Board of Directors, and select board members with different professional backgrounds to incorporate the perspectives of more directors with different backgrounds.
- (2) Actively provide information on various types of continuing education courses, and also encourage the director to actively participate in various corporate governance courses, or

irregularly arrange lecturers to teach in the Company, which has strengthened the functions of Board of Directors members.

(2) Operation of the Audit Committee

A total of 6 (A) meetings of the Audit Committee were held in the most recent year.

The attendance of the independent director was as follows:

Title	Name	Attendance in person (B)	Number of attendance by proxy	Attendance rate (%) (B/A)	Remarks
Independent Director	YEN, KUO LUNG	2	0	100.00	Re-election on June 25, 2024: Ongoing Appointment
Independent Director	WU, CHIA HSUN	6	0	100.00	Re-election on June 25, 2024: Reappointment
Independent Director	SU, MING YANG	5	0	83.33	Re-election on June 25, 2024: Reappointment
Independent Director	HSU, HSOU CHUN	6	0	100.00	Re-election on June 25, 2024: Reappointment
Independent Director	WAN, GWO WEI	4	0	100.00	Re-election on June 25, 2024: New appointment

Other mentionable items:

I. If any of the following circumstances occur, the dates of Audit Committee meetings, sessions, contents of motion, as well as independent directors' objections, reservations or material recommendations, the results of Audit Committee resolution, and the Company's response to the Audit Committee's opinions should be specified.

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act:

Date and session of the meeting	Proposals	Independent directors' objections, reservations or significant recommendations	Resolution made by the Audit Committee	The Company's response to the Audit Committee's opinions
2024.3.13 The 1st meeting of the 13th Audit Committee	1. Resolution to approve the Company's 2023 parent company only financial statements, consolidated financial statements and business reports.	None	The Chair obtained unanimous consent from all attending members, submitted the results to the Board of Directors, and presented them to the most recent Shareholders' Meeting for acknowledgement.	Submitted to the board of directors for resolution and to a Shareholders' Meeting for acknowledgement
	2. Resolution to approve the appointment of CPAs to audit or review the 2024 financial statements of the Company and their remuneration.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
	3. Resolution to approve the Company's 2023	None	The Chair, after consulting all attending members, agreed to	Submitted to the board of directors for

	earning appropriation proposals.		submit the matter for resolution by the Board of Directors. The earning appropriation statement is to be acknowledged at the most recent Shareholders' Meeting, and the distribution of cash dividends will be reported at the most recent Shareholders' Meeting.	resolution and to a Shareholders' Meeting for acknowledgement and report
	4. Resolution to approve the amendment to the Company's 2024 "Internal Control System" and "Internal Audit Implementation Rules".	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
	5. Resolution to approve the Company 2023 "Internal Control System Effectiveness Assessment" and "Statement of Internal Control System".	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
	6. Resolution to approve the loan of funds from the Company to its subsidiary, KOHO (Taiwan) Co., Ltd.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
	7. Resolution to approve the Company to increase long-term equity investment in Concord Advanced Technology Co., Ltd.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
2024.5.8 The 14th meeting of the 1st Audit Committee	1. Resolution to approve the Company's 2024 Q1 consolidated financial statements.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
2024.8.7 The 2nd meeting of the 2nd Audit Committee	1. Resolution to approve the Company's 2024 Q2 consolidated financial statements.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
2024.8.28 The 3rd meeting of the 2nd Audit Committee	1. Motion for approving the increase in the Company's long-term equity investment in WT Microelectronics Co., Ltd.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
2024.11.6 The 4th meeting of the 2nd Audit Committee	1. Resolution to approve the Company's 2024 Q3 consolidated financial statements.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
	2. Resolution for the lending of funds by the	None	The Chair sought the unanimous consent of all	Submitted to the board of

	Company to its subsidiary, Lipers Enterprise Co., Ltd.		attending members and submitted it for resolution by the Board of Directors.	directors for resolution
	3. Resolution to approve the lending of funds by the Company to its subsidiary, Scope Technology Co., Ltd.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
	4. Resolution regarding the "2025 Audit Plan" of the Company.	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution
	5. Resolution to amend the Company's 2024 "Internal Control System - Other Cycles" and "Internal Audit Implementation Rules - Other Cycles".	None	The Chair sought the unanimous consent of all attending members and submitted it for resolution by the Board of Directors.	Submitted to the board of directors for resolution

(2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors: None.

II. If there are Independent Director's avoidance of motions in conflict of interest, the independent director's name, contents of motion, causes for avoidance and voting should be specified: None.

III. Communication between Independent Directors, internal audit officer and CPAs (including major matters, methods and results of communication on the Company's financial and business conditions, etc):

(1) Communication between independent directors and CPAs

1. The CPAs attend the Audit Committee at least twice a year to report the audit results of the annual financial report and the semi-annual Results of the financial report review.
2. When necessary, the independent directors are able to liaise and fully communicate with the CPAs at any time.
3. Matters Discussed by the Independent Directors and CPAs

Meeting Date	Communication matters	Communication results
2024.3.13	1. The method and scope of the audit of the 2023 financial report, key audit matters, type and content of the audit report. (Separate meeting)	No objection
2024.8.7	1. The type and content of the consolidated financial report for the second quarter of 2024. 2. Application of new laws and regulations. (Separate meeting)	No objection

The Company and independent directors communicate on matters including the scope and timing of the audit, audit findings and conclusions planned by key audit matters of the annual financial report, and the impact of the statutory amendments on the Company. They also ensure that personnel of the accounting firm subject to the independence norms comply with the statement of independence in the International Code of Ethics for Professional Accountants (IESBA Code). The Company's CPAs and independent

directors have maintained good communication.

(2) Communication between Independent Director and internal audit officer

1. Independent Director holds discussions with the internal audit officer every six months and communicates with them at any time as appropriate. The internal audit officer reports to the independent director on important audit matters of the Company and maintains good communication on the implementation and effectiveness of the audit business. Summary of separate communication between the independent director and internal audit officer:

Meeting Date	Communication matters	Communication results
2024.5.8	Report on the results of audit operation in March 2024.	No objection
2024.11.6	1. Report on the results of audit operation for July-September 2024. 2. The 2025 Audit Plan.	No objection

2. The internal audit officer will deliver the audit report to the independent director for review before the end of the month following the completion of the audit, and the independent director did not express any objection.
3. The internal audit officer attended the Company's Board of Directors and made an audit business report, and the independent director did not express any objection.

(3) State of the Company's implementation of corporate governance, any discrepancies from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reason thereof

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
1. Has the Company established and disclosed the Corporate Governance Principles according to the Corporate Governance Principles for TWSE/TPEX Listed Companies?	✓		The Company established the "Corporate Governance Principles" in 2017, and remains attentive to updates in laws and regulations to strengthen its organizational structure. This information is disclosed on the Company's website and MOPS. All relevant operations are carried out in accordance with relevant important regulations.	No discrepancies
2. Shareholding Structure & Shareholders' Equity				
2.1 Does the Company establish an internal operating procedure for handling shareholders' suggestions, concerns, disputes and litigation, and implement based on the procedure?	✓		2.1 The Company has designated personnel to handle shareholder suggestions, doubts and disputes to ensure shareholders' rights and interests.	No discrepancies
2.2 Does the Company maintain a register of major shareholders who have actual control over the Company and a register of ultimate controllers of these major shareholders?	✓		2.2 The Company is managed by a professional stock agency, with dedicated personnel responsible for tracking the list of major shareholders who actually control the Company.	No discrepancies
2.3 Does the Company establish and execute the risk management and firewall system between the Company and its associates?	✓		2.3 The Company has established the "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties" and related internal control systems as part of the risk control mechanisms with affiliated companies.	No discrepancies
2.4 Does the Company establish internal rules against insiders	✓		2.4 The Company has established "Procedures for Handling Material Inside Information"	No discrepancies

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
trading with undisclosed information?			<p>and "Insider Trading Prevention Management Operation" to avoid improper leakage of undisclosed information, and to inform insiders of relevant insider trading laws and regulations. The Company regularly provides education and advocacy on "Insider Trading Rules" and related laws and regulations to its directors, managers, and employees. When new directors and managers take office, the shareholder service department conducts education and dissemination of relevant laws and regulations. When new employees arrive at work, they are guided by colleagues to conduct education and dissemination of relevant laws and regulations on the online platform.</p> <p>The Company notified and advised each Director not to trade company stock before the end of each quarter via e-mail in order to avoid insider's misunderstandings of the Securities and Exchange Act and other equity-related laws and regulations. The relevant time points are as follows:</p> <ul style="list-style-type: none"> <li>(1) Within 18 hours before or after the announcement of monthly consolidated revenue.</li> <li>(2) 15 days before the announcement of the quarterly financial report.</li> <li>(3) 30 days before the announcement of the annual financial report.</li> </ul>	

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
3. Composition and Responsibilities of Board of Directors				
3.1 (I) Does the Board of Directors develop and implement a diversified policy and concrete management objectives for the composition of its members?	✓		3.1 All members of the board shall have the knowledge, skills, and experience necessary to perform their duties. Board of Directors Member Diversity Policy, Specific Management Objectives and Implementation (page 8)	No discrepancies
3.2 Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	3.2 The Company has established a remuneration committee and an audit committee in accordance with the law, and each department is responsible for its own corporate governance operations.	The Company will establish other functional committees as necessary in the future.
3.3 Does the Company establish a standard to measure the performance of the board of directors and implement it annually? Are performance evaluation results submitted to the board of Directors and referenced when determining the remuneration of individual directors and nominations for reelection?	✓		3.3 The Company established the "Self-Evaluation or Peer Evaluation of the Board of Directors" in 2020, conducts regular internal board performance evaluations annually, reports evaluation results to the board, and uses these results as references for individual director compensation and nomination for reappointment. The 2024 performance evaluation of the Board of Directors has been reported to the Board of Directors on March 13, 2025. Additionally, the regulations were also amended in 2024 to require external evaluation every three years. The external evaluation of the Board of Directors for 2024 has been reported to the Board of Directors on November 6, 2024.	No discrepancies
3.4 Does the Company regularly evaluate the	✓		3.4 The Company regularly (at least once a year) evaluates the	No discrepancies



Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
independence of CPAs?			independence and suitability of the appointed accountants with reference to the audit quality indicators (AQIs), and the appointment of Board of Directors Resolution accountants (see page 35 for details).	
4. Does the Company have a suitable and appropriate number of corporate governance personnel, and designate a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing director and supervisors with information required to perform their business, assisting director, supervisors to comply with laws and regulations, handling matters related to the meetings of Board of Directors and shareholders' meeting in accordance with the law, and making Board of Directors and shareholders' meeting minutes)?	✓		Our company's Corporate Governance Officer is LAI, NAN CHUN, Vice President, and is assisted by the Board of Directors meeting affairs unit to handle corporate governance-related matters, including but not limited to providing the necessary information for directors to perform their duties, assisting directors in complying with laws, handling matters related to the meetings of the Board of Directors and shareholders' meeting in accordance with the law, and preparing the minutes of the Board of Directors and shareholders' meeting, etc. Information about the corporate governance officer's continuing education in 2024 is on page 36.	No discrepancies
5. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The Company has established a spokesperson system and a communication channel with stakeholders. The Company's website includes a stakeholder section designed to appropriately respond to stakeholder inquiries and suggestions.	No discrepancies
6. Does the Company appoint a professional stock agency	✓		The Company has appointed a professional shareholder services	No discrepancies

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
to handle Shareholders' Meeting affairs?			agent, "Yuanta Securities Co., Ltd. Shareholder Services Department," to handle shareholder meeting-related affairs.	
7. Information Disclosure				
7.1 Does the Company have a corporate website to disclose information on finance, businesses, and corporate governance?	✓		7.1 The Company's website is maintained and updated by dedicated personnel, and information related to the Company's finance and corporate governance is available for shareholders and the general public.	No discrepancies
7.2 Has the Company adopted other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, and webcasting investor conferences), etc.)?	✓		7.2 The Company has appointed dedicated personnel responsible for collecting and disclosing company information, established a spokesperson system, created both Chinese and English company websites, simultaneously releases major announcements in Chinese and English, and publishes annual reports and meeting handbooks in both languages to ensure timely and appropriate disclosure of information that may affect shareholders' and stakeholders' decisions. The Company periodically participates in or convenes investor conferences, and all information is disclosed on the Market Observation Post System and the Company's website.	No discrepancies
7.3 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		✓	7.3 The Company announces and reports its annual financial statements and its financial statements for the first, second and third quarters as well as its operating status for each month before the specified deadline in accordance with Article 36 of the Securities and Exchange Act.	There are slight differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
quarters as well as its operating status for each month before the specified deadline?				Companies, which still comply with the requirements of the Securities and Exchange Act.
8. Is there any other method to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, director and supervisor training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?				
8.1 Employee rights and care	✓		8.1 In addition to establishing a joint Employee Welfare Committee with subsidiaries, the Company implements a pension system and provides measures such as the final award. We create a healthy and safe working environment for employees and regularly hold salary meetings in accordance with the relevant regulations of the Basic Law and others to protect the legal rights of employees. When handling employees' personal data, we are cautious and do not disclose personal privacy except as required by government regulations. We provide employee group insurance and arrange regular health examinations, value labor-management relations, and provide equal employment opportunities.	No discrepancies
8.2 Investor relations	✓		8.2 The Company has set up a dedicated shareholder service unit to handle investor relations and shareholders' suggestions. In addition, the Company honestly discloses its corporate information pursuant to the laws	No discrepancies

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
			and regulations in order to protect the rights and interests of investors, thus fulfilling the corporate responsibility to shareholders.	
8.3 Supplier relations	✓		8.3 The Company regularly reviews the validity of suppliers' certifications, and gives recognition to suppliers with excellent ratings, so that both parties can support each other to create a win-win situation. We regularly sign procurement contracts to protect company interests, periodically hold seminars to obtain the latest product information for marketing purposes, hold monthly regular meetings for mutual communication and understanding of market trends, and hold irregular meetings to promptly discuss strategies in response to market conditions. Our company maintains open communication channels and good relationships with suppliers.	No discrepancies
8.4 Rights of interested parties	✓		8.4 The Company has a stakeholder section on the Company's website, and maintains open communication channels with banks and other creditors, shareholders, employees, customers, suppliers, and other relevant stakeholders, respecting their legitimate rights. In addition, the Company stock affairs agency "Yuanta Securities Co., Ltd." also assists in handling issues related to shareholders and the Company stakeholders and provides advice. In addition, the Company employs a legal	No discrepancies

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
			counsel to handle legal issues consults with legal counsel for advice and invites professional instructors or legal personnel to take care of the issues in order to protect the rights of stakeholders. The communication with stakeholders was reported to the Board of Directors on March 13, 2025.	
8.5 Training for Directors and Supervisors	✓		8.5 The Company directors all possess professional backgrounds and have completed the refresher courses in accordance with the "Directions for the Implementation of Continuing Education for Supervisors of TWSE/TPEX-listed Companies director" In addition, the Company also provides relevant training information from time to time for reference. This training information is as follows, and has been entered into the Market Observation Post System in accordance with the regulations (see page 37 for details).	No discrepancies
8.6 Implementation of risk management policies and risk measurement standards	✓		8.6 In order to strengthen cybersecurity risk management, the Company has set up a dedicated information security unit, built an information security risk management framework, formulated information security policies and specific management plans, and regularly reviews information security policies to ensure information security. The Company's specific information security management plans can be divided into preventive measures, daily operations	No discrepancies

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
			maintenance, and information security incident handling based on when information security incidents occur.	
8.7 Implementation of policies on customer relations	✓		8.7 The Company has set up a marketing & sales department and a sales support department to provide product services and answers to customers' questions, maintain a smooth communication channel with customers, and strictly comply with the relevant contract terms signed with customers and ensure the rights and interests of customers, and maintain good relationships with customers. In addition, to meet the needs of the customers, the Company has expanded its service locations in Mainland China to serve the customers nearby and shorten the delivery time.	No discrepancies
8.8 Purchase of liability insurance for directors and supervisors	✓		8.8 The Company has purchased liability insurance for the directors.	No discrepancies
<p>9. 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 Corporation, and provide the priority enhancement measures.</p> <p>9.1 Improvements made:</p> <p>(i) The Company's Regulations Governing Self-Evaluation or Peer Evaluation of the Board of Directors stipulates an external evaluation at least once every three years. In 2024, the Company appointed an external professional organization, "Taiwan Institute of Ethical Management," to conduct performance evaluation for the Board of Directors. The results of the external performance evaluation of the Board of Directors were reported to the Board of Directors on November 6, 2024.</p> <p>(ii) The Company uploaded the English version of the 2024 sustainability report on the Market Observation Post System and the Company's website.</p> <p>(iii) The Company's sustainability report was submitted to and approved by the Board of Directors on August 7, 2024.</p> <p>9.2 Priority enhancement measures for unimproved matters:</p> <p>To enhance the diversity of composition the board of director, the Company will consider both operational needs and gender balance when evaluating future director candidates, appointing members of the Board of Directors from different professional backgrounds to incorporate</p>				

Evaluation Item	Status of implementation			Differences from the Corporate Governance Best Practice Principles and Reasons thereof
	Yes	No	Summary	
perspectives from more diverse director backgrounds.				

Note 1: Evaluation of the independence and suitability report of the CPAs appointed by the Company.

#### 1. Legal requirements

- (1) According to the provisions of Article 29 of the "the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies", the Company shall choose a professional, responsible and independent visa accountant to regularly check the Company's financial status and internal control.

The Company shall regularly (at least once a year) evaluate the independence and suitability of the appointed certified public accountant with reference to the audit quality indicators (AQIs). In the event that the Company engages the same CPA without replacement for 7 years consecutively, or if the CPA is subject to disciplinary action or other circumstances prejudicial to the CPA's independence, the Company shall evaluate the necessity of replacing the CPA and submit its conclusion to the Board of Directors.

- (2) According to Article 68 of the Quality Control Standards No. 1 "Quality Control of Accounting Firms", the chief accountant should be rotated after a certain period (usually not more than seven years), and at least a certain period (usually not less than two years) must be separated before returning.

#### 2. Evaluation contents

- (1) Evaluation of the relationship between the CPAs and the Company

The following independence and suitability evaluation criteria are established in accordance with Article 47 of the Certified Public Accountant Act and Statement of Professional Ethics No. 10 "Independence for Audit and Review Engagements":

Item	Evaluation Item	Yes	No
1	The CPA is not employed by the Company or its associates for regular work, receives a fixed salary, or serves as a director or supervisor	✓	
2	The CPA does not have a relationship with the company's or its affiliated enterprises' responsible persons or managers as a spouse, direct blood relative, direct relative by marriage, or collateral blood relative within the second degree	✓	
3	The CPA, his/her spouse, and his/her minor children do not hold any shares in the Company	✓	
4	The CPA does not have a direct or material indirect financial interest in the Company or its associates	✓	
5	The non-audit services provided by the CPA to the Company or its associates will not directly affect the results of the audit	✓	
6	The CPA is not subject to any of the circumstances stipulated in Article 30 of the Company Act.	✓	
7	The certifying accountant has not been disciplined by the competent authorities or the CPA association, or penalized pursuant to the provisions of paragraph 3 of article 37 of the Securities and Exchange Act.	✓	

Item	Evaluation Item	Yes	No
8	The CPA is not involved in the management functions of the Company or its associates to make decisions	✓	
9	The CPA possesses CPA qualifications and is eligible to practice as a certified public accountant	✓	
10	The CPA has not provided the Company with audit services for seven consecutive years	✓	
11	The Company has reviewed the Audit Quality Indicators report to evaluate the independence and suitability of the CPA	✓	

- (2) The Company has not retained the same CPA for seven consecutive years, nor has the accountant been subject to disciplinary actions or circumstances that would impair independence. The Company's certifying accountants and their audit opinions for the past seven years are listed below:

Year	Name of accounting firm	Name of CPA	Auditor's opinion
2018	Deloitte & Touche	SHIH, CHING PIN and CHIANG, MING NAN	Unqualified opinion
2019	Deloitte & Touche	SHIH, CHING PIN and CHIANG, MING NAN	Unqualified opinion
2020	Deloitte & Touche	SHAO, CHIH MING and WENG, YA LING	Unqualified opinion
2021	Deloitte & Touche	SHAO, CHIH MING and WENG, YA LING	Unqualified opinion
2022	Deloitte & Touche	SHAO, CHIH MING and WENG, YA LING	Unqualified opinion
2023	Deloitte & Touche	SHAO, CHIH MING and WENG, YA LING	Unqualified opinion
2024	Deloitte & Touche	SHAO, CHIH MING and WENG, YA LING	Unqualified opinion

- (3) The Company has submitted the results of the evaluation of the independence and suitability of the CPAs during the latest year or during the current year up to the date of publication of the annual report at the meetings of the Board of Directors on March 13, 2024, and March 13, 2025, respectively, for the resolution of the appointment.

Note 2: Continuing education of the Corporate Governance Officer in 2024

Training date	Organizer	Training course	Training hour
2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
2024/08/23	Taiwan Corporate Governance Association	Prevention of Labor Disputes and Corporate Governance	3 hrs
2024/09/03~2024/09/04	Taiwan Corporate Governance Association	Climate Risk Identification Workshop and Net Zero Carbon Emission Briefing	9 hrs
2024/11/06	Accounting Research and	Corporate ESG Practical Topic: Legal	3 hrs



Training date	Organizer	Training course	Training hour
	Development Foundation of the Republic of China	Liability Cases of "Gender Equality and Human Rights"	

Note 3: Directors' continuing education in 2024

Title	Name	Training date	Organizer	Training course	Training hour
Chairperson	CHOU, WEI LIN	2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
		2024/11/06	Accounting Research and Development Foundation of the Republic of China	Corporate ESG Practical Topic: Legal Liability Cases of "Gender Equality and Human Rights"	3 hrs
Vice Chairperson	LEE, KUN CHAN	2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
		2024/11/06	Accounting Research and Development Foundation of the Republic of China	Corporate ESG Practical Topic: Legal Liability Cases of "Gender Equality and Human Rights"	3 hrs
Director	YU, YAO KUO	2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
		2024/11/06	Accounting Research and Development Foundation of the Republic of China	Corporate ESG Practical Topic: Legal Liability Cases of "Gender Equality and Human Rights"	3 hrs
Corporate entity representative Director	HUANG, PEI CHING	2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
		2024/09/04	Securities and Futures Market Development Foundation of the Republic of China	How to Review Financial Reports without an Accounting Background?	3 hrs

Title	Name	Training date	Organizer	Training course	Training hour
		2024/11/06	Accounting Research and Development Foundation of the Republic of China	Corporate ESG Practical Topic: Legal Liability Cases of "Gender Equality and Human Rights"	3 hrs
		2024/11/08	Taiwan Corporate Governance Association	Analysis of corporate merger equity investment planning and joint venture agreement practices	3 hrs
Independent Director	WU, CHIA HSUN	2024/06/18	Taiwan Stock Exchange	Create a new carbon era advocacy meeting with sustainable knowledge	6 hrs
		2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6 hrs
		2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
		2024/11/06	Accounting Research and Development Foundation of the Republic of China	Corporate ESG Practical Topic: Legal Liability Cases of "Gender Equality and Human Rights"	3 hrs
		2024/11/22	Securities and Futures Market Development Foundation of the Republic of China	2024 Annual Internal Personnel Equity Transaction Legal Compliance Promotion Conference	3 hrs
Independent Director	SU, MING YANG	2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
		2024/11/06	Accounting Research and Development Foundation of the Republic of China	Corporate ESG Practical Topic: Legal Liability Cases of "Gender Equality and Human Rights"	3 hrs
Independent Director	HSU, HSOU CHUN	2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
		2024/10/18	Securities and Futures Market	Introduction to the Dispute over Corporate	3 hrs

Title	Name	Training date	Organizer	Training course	Training hour
			Development Foundation of the Republic of China	Management Rights and the Commercial Events Adjudication Act	
		2024/11/06	Accounting Research and Development Foundation of the Republic of China	Corporate ESG Practical Topic: Legal Liability Cases of "Gender Equality and Human Rights"	3 hrs
Independent Director	WAN, GWO WEI	2024/08/07	Accounting Research and Development Foundation of the Republic of China	Investigation Practices and Case Analysis of Corporate Fraud	3 hrs
		2024/08/21	Securities and Futures Market Development Foundation of the Republic of China	Introduction to the challenges and opportunities of the sustainable development path and greenhouse gas inventory	3 hrs
		2024/09/04	Securities and Futures Market Development Foundation of the Republic of China	How to Review Financial Reports without an Accounting Background?	3 hrs
		2024/11/06	Accounting Research and Development Foundation of the Republic of China	Corporate ESG Practical Topic: Legal Liability Cases of "Gender Equality and Human Rights"	3 hrs

(4) Composition and operation of the Company's the Remuneration Committee

In accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange" established by the Financial Supervisory Commission, the board of directors approved the establishment of the Company's Remuneration Committee, the establishment of the Remuneration Committee Charter and the appointment of four members of the remuneration committee at the board meeting on December 12, 2011.

(i) Members of the Remuneration Committee

Identity Name \ Conditions		Professional Qualification and Experience	Independence	Number of other publicly listed companies concurrently serving as members of the Remuneration Committee
Independent Director (Convener)	WU, CHIA HSUN	<p>(1) The Director has at least 5 years of work experience in accounting and corporate business.</p> <p>(2) The Director is currently serving as independent director of Tait Marketing &amp; Distribution Co., Ltd. and Taiwan Fire Development Co., Ltd., and is currently a practicing CPA and working for another company. For details, please refer to page 3.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(1) Not an employee of the Company or its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliated enterprises.</p> <p>(3) Not a natural person shareholder who holds shares, in the name of the person or the spouse, minor children, or in the name of others, in an aggregate amount of 1% or more of the total number of issued shares of the Company, or ranks among the top ten shareholders.</p> <p>(4) Not a manager listed in item (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the person listed in (2) or (3).</p>	2
Independent Director	SU, MING YANG	<p>(1) The Director has at least 5 years of work experience in business and corporate business.</p> <p>(2) The Director was the former chairperson of eGALAX_eMPIA Technology Inc., and currently holds a position at other companies, see page 4 for details.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares the Company, or that ranks among the top five in shareholdings, or that designates representative to serve as a director or supervisor of the Company under Article 27, paragraph 1 or 2 of Company Act.</p> <p>(6) Not a director, supervisor, or employee of another</p>	None

<div> <div>Identity Name</div> <div>Conditions</div> </div>		Professional Qualification and Experience	Independence	Number of other publicly listed companies concurrently serving as members of the Remuneration Committee
Independent Director	HSU, HSOU CHUN	<p>(1) The Director has at least 5 years of work experience in accounting and corporate business.</p> <p>(2) The Director once held the position of Chief Financial Officer of Siltrontech Electronics Corporation, and currently holds other position. as detailed on page 4.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>company where the director seats or more than half of the voting shares are controlled by the same person as the Company's director.</p> <p>(7) Not a director (governor), supervisor, or employee of another company or institution where the chairperson, president, or person holding an equivalent position is the same person as or is the spouse of, the Chairperson, General Manager, or person holding an equivalent position of the Company.</p>	1

Identity Name \ Conditions		Professional Qualification and Experience	Independence	Number of other publicly listed companies concurrently serving as members of the Remuneration Committee
Independent Director	WAN, GWO WEI	<p>(1) The Director has at least 5 years of work experience in business and corporate business.</p> <p>(2) The Director once held the position of Chairperson of Renesas Electronics Corporation, Taiwan, and currently holds a position at other companies as detailed on page 4.</p> <p>(3) The Director does not meet the disqualification criteria of managers specified in any subparagraph of Article 30 of the Company Act.</p>	<p>(8) Not a director, supervisor, manager, or shareholder holding more than 5% of the shares of a specified company or institution with which the Company has financial or business dealings.</p> <p>(9) Not a professional individual, sole proprietor, partner, owner, director, supervisor, or manager of a company or institution that provides the Company or its affiliated enterprises with commercial, legal, financial, accounting, or related services, or a spouse of such an individual, where the Company has received remuneration from the aforementioned parties in the past two years.</p> <p>(10) Not having a marital relationship, or a relative within the second degree of kinship to other directors</p> <p>(11) Not elected in the capacity of the government, a juristic person, or a representative as provided in Article 27 of the Company Act.</p>	None

(ii) Information on the operation of the remuneration committee

- a. The Company's Remuneration Committee has 4 members.
- b. The term of office of the current members: August 7, 2024, to June 24, 2027.  
The Remuneration Committee held 3 meetings (A) in the most recent year.  
The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person (B)	Number of attendance by proxy	Attendance rate (%) (B/A)	Remarks
Convener	YEN, KUO LUNG	2	0	100.00	August 7, 2024 Dismissal
Convener	WU, CHIA HSUN	3	0	100.00	August 7, 2024 Reappointment
Member	SU, MING YANG	3	0	100.00	August 7, 2024 Reappointment
Member	HSU, HSOU CHUN	3	0	100.00	August 7, 2024 Reappointment
Member	WAN, GWO WEI	1	0	100.00	August 7, 2024 New appointment

Other mentionable items:

1. Scope of duties and responsibilities of the Remuneration committee:
  - 1.1 To review and propose amendments to the "Remuneration Committee Charter" on a regular basis.
  - 1.2 To establish and regularly review the policies, systems, standards and structures of performance evaluation criteria, annual and long-term performance objectives and remuneration of the Company's directors and officers.
  - 1.3 To periodically evaluate the achievement of the performance targets of the Company's directors and officers, and to determine the content and amount of their own individual remuneration based on the evaluation results of the performance evaluation criteria.
2. The Remuneration Committee held 3 regular meetings on March 13, May 8, and November 6, 2024 to discuss the following matters:
  - 2.1 The amendments to the regulations related to remuneration to managers.
  - 2.2 The total annual bonuses to employees and directors.
  - 2.3 Capitalization ratio of employee remuneration and director remuneration.
  - 2.4 Review of the promotion and salary adjustment of managers.
  - 2.5 Distribution of employee remuneration to managers and director remuneration to directors.

Results of Resolution: The above matters were reviewed or approved by the Remuneration Committee.

Actions taken by the Company in response to the opinion of the Remuneration Committee: Presented to the Board of Directors and approved by all attending Directors.
3. If Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should specify the date, period, proposal content, board resolutions and the Company's handling of the Remuneration Committee opinions (such as the salary remuneration approved by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the discrepancies shall be specified): None.
4. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

(5) State of the Company's promotion of sustainable development, any discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reason thereof

(i) The Company actively cooperates with environmental protection such as greening, energy saving, carbon reduction and garbage classification, and has established the "Labor Safety and Health Work Code" to maintain employee safety.

(ii) The implementation of sustainable development is described as follows:

Sustainable development matter	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Summary	
1. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (part-time) unit to promote sustainable development, which is authorized by Board of Directors to be handled by senior management, and implemented Board supervision?		✓	<p>1.1 I. To establish a sound management system for sustainable development and implement the concept of sustainable operation, the Company, in accordance with Article 7 of its Sustainable Development Best Practice Principles, appoints a Corporate Governance Officer to establish a "Sustainability Department" as a dedicated unit for promoting sustainable development. This department is responsible for the development of policies, systems, or related management guidelines and promotion plans related to sustainability.</p> <p>II. The heads of relevant departments are responsible for promoting and executing various projects or measures, integrating resources into daily operation. Each department head designates specific personnel to serve as members of the "Sustainability Report Disclosure Team" responsible for confirming and providing data, strategic objectives, and performance indicators disclosed in the Sustainability Report. The Sustainability Department then compiles, edits, and submits the report for review by the General Manager, approval by the Chief Executive Officer, and final approval by the board of directors.</p> <p>III. The Company's sustainable development implementation is as follows, primarily including the establishment and execution of sustainability-related regulations, preparation of the Sustainability Report, and the Group's greenhouse gas inventory and verification:</p> <p>1. The Company amended the "Regulations Governing the Establishment of Internal Control Systems by Public Offering Company" in accordance with the Financial Supervisory Commission's</p>	The Company has established a dedicated unit to promote sustainable development, which will be managed by the Corporate Governance Officer as authorized by the board of directors in the future.



Sustainable development matter	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof			
	Yes	No	Summary				
			<p>guidelines, renaming the "Procedures for the Preparation and Verification of Sustainability Reports" as "Procedures for Sustainability Information Management," which served as the basis for the disclosure and execution of sustainability information and related operational procedures.</p> <p>2. The 2023 Sustainability Report would be submitted for review by the General Manager, approval by the Chief Executive Officer, and discussion and resolution by the board of directors on August 7, 2024, so as to be published in August 2024. Please refer to the websites of either Market Observation Post System or the Company to download the report in both Chinese and English PDF formats for details.</p> <p>3. The Company will report quarterly to the board of directors on the progress of the Group's greenhouse gas inventory and verification schedule.</p>				
2. Does the Company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies?	✓		<p>2.1 I. This disclosure covers the Company's sustainability performance at its main locations from January to December in 2024. The risk assessment boundary primarily focuses on the Company's main location in Taiwan.</p> <p>II. The Company considers the issues of concern to stakeholders and, based on the principle of materiality, identifies governance, social, and environmental risks and opportunities related to its operations. It formulates relevant response strategies to actively reduce negative impacts, protect stakeholders' interests, and maintain the Company's image in order to achieve the vision of sustainable operation.</p> <table><tr><td>Major issues</td><td>Risk assessment item</td><td>Countermeasures</td></tr></table>	Major issues	Risk assessment item	Countermeasures	No discrepancies
Major issues	Risk assessment item	Countermeasures					

Sustainable development matter	Implementation				Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Summary		
			Environmental issues	Environmental impact and management	<div>1. Conduct annual greenhouse gas inventory in accordance with the ISO 14064-1 and track the effectiveness of emission reduction efforts.</div> <div>2. Implement various energy-saving and decarbonization measures.</div>
			Social issues	Occupational safety and health	<div>1. Appoint occupational safety and health management personnel to oversee the implementation of occupational safety and health management plans.</div> <div>2. Implement 4 major labor health protection programs (maternal health protection, potential diseases caused by abnormal work load, musculoskeletal and other human-related hazards, and workplace violence or unlawful infringement during the performance of duties).</div> <div>3. Implement "on-site service provided by contracted medical staff" to monitor employee health conditions and prevent occupational accident risks at the earliest possible stage.</div>
				Product quality and safety	<div>1. All suppliers are green partners, providing products that comply with RoHS, REACH, ISO, and IATF standards.</div>
			Corporate governance	Corporate governance and ethical corporate management	<div>1. Strengthen corporate governance measures, improve corporate governance evaluation rankings, continuously enhance the functions of the board of directors, and create sustainable corporate value.</div> <div>2. Conduct annual performance evaluation of the board of directors, Audit Committee, Remuneration Committee, and other functional committees, with the performance evaluation</div>

Sustainable development matter	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Summary	
			<div> <div></div> <div> <p>report submitted to the board of directors.</p> <p>3. The Ethical Corporate Management Promotion Team reports annually on the implementation progress and submits the results to the board of directors.</p> <p>4. Implement rigorous internal control audits and propose improvement plans to ensure that all employees and operations strictly comply with relevant laws and regulations.</p> <p>5. Conduct employee training related to corporate governance (e.g., intellectual property, confidentiality, integrity and ethics, business execution duties, prevention of insider trading, etc.)</p> </div> <div> <p>Information security</p> <p>1. Establish a dedicated information security unit and implement a cyber security risk management framework.</p> <p>2. Conduct regular firewall inspection and antivirus scanning for each computer.</p> <p>3. Promote information security awareness to enhance colleagues' understanding of information security.</p> </div> </div>	
3. Environmental issues 3.1 Has the Company set an environmental management system designed to industry characteristics?	✓		3.1 The Company is located in an office building, cooperating with government policies and the operations of the building management committee, and continues to conduct waste sorting, reduction, and recycling activities.	No discrepancies
3.2 Is the Company committed to improving energy efficiency and using renewable materials with low	✓		3.2 The Company strives to promote electronic operations and reduce the usage of paper for documents. In addition, the Company does not engage in production activities in Taiwan, and there are no harmful environmental factors such as air pollution, water disposal, toxicity, or noise emissions affecting the	No discrepancies

Sustainable development matter	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof																		
	Yes	No	Summary																			
environmental impact?			environment. Nevertheless, we continue to reduce environmental impacts generated from daily living and office operations.																			
3.3 Does the Company assess the potential risks and opportunities of climate change for the company now and in the future, and take relevant countermeasures?	✓		3.3 In response to climate change and to save electricity, our company allows male colleagues to not wear ties during summer, reducing the carbon emissions associated with extensive air conditioning use.	No discrepancies																		
3.4 Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total waste weight for the past two years, and formulated policies for greenhouse gas reduction, water reduction, or other waste management?	✓		<div>3.4 The statistical data of the Company's greenhouse gas emissions, water consumption and total weight of waste over the past two years have been disclosed on the Company's website. However, the Company has not yet established relevant management policies. The statistics of greenhouse gas emissions for the last two years are as follows:</div> <table><tr><td>Year</td><td>2023</td><td>2024</td></tr><tr><td>Electricity consumption (kWh)</td><td>232,836.53</td><td>271,451.91</td></tr><tr><td>Electricity CO2 emissions (metric ton CO<sub>2</sub>e)</td><td>115.25</td><td>134.10</td></tr><tr><td>Water consumption (1,000 m<sup>3</sup>)</td><td>1.664</td><td>1.411</td></tr><tr><td>Water consumption CO2 emissions (metric ton CO<sub>2</sub>e)</td><td>0.3878</td><td>0.3288</td></tr><tr><td>Total waste weight (metric ton CO<sub>2</sub>e)</td><td>4.23</td><td>7.15</td></tr></table> <div>Note: The scope of the inventory covers Nichidenbo Companies/ Xindian and Zhonghe.</div>	Year	2023	2024	Electricity consumption (kWh)	232,836.53	271,451.91	Electricity CO2 emissions (metric ton CO <sub>2</sub> e)	115.25	134.10	Water consumption (1,000 m <sup>3</sup> )	1.664	1.411	Water consumption CO2 emissions (metric ton CO <sub>2</sub> e)	0.3878	0.3288	Total waste weight (metric ton CO <sub>2</sub> e)	4.23	7.15	<div>No discrepancies</div> <div>Statistics is collected every year and will establish relevant management policies as necessary in the future.</div> <div>In addition, the 2023 greenhouse gas inventory has been completed and disclosed on the Company's website.</div>
Year	2023	2024																				
Electricity consumption (kWh)	232,836.53	271,451.91																				
Electricity CO2 emissions (metric ton CO <sub>2</sub> e)	115.25	134.10																				
Water consumption (1,000 m <sup>3</sup> )	1.664	1.411																				
Water consumption CO2 emissions (metric ton CO <sub>2</sub> e)	0.3878	0.3288																				
Total waste weight (metric ton CO <sub>2</sub> e)	4.23	7.15																				
4. Social issues																						
4.1 Does the Company formulate appropriate management policies and procedures according to	✓		4.1 In order to protect the human rights of employees and stakeholders, Nichidenbo recognizes and follows the internationally recognized human rights conventions, including the UN Universal Declaration of Human Rights, UN Global Compact, the United Nations Guiding Principles on Business and Human Rights and various	No discrepancies																		

Sustainable development matter	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Summary	
relevant regulations and the International Bill of Human Rights?			human rights frameworks and principles of the International Labor Organization conventions. We absolutely do not participate in any actions that disregard or violate human rights, and we have established human rights policies based on the guiding principles of the aforementioned documents to implement human rights protection. Nichidenbo continuously evaluates various human rights policies and proposes specific measures and mitigation measures by regularly paying attention to major social issues, monitoring data and conducting surveys. Human rights policies and practices, see page 52 for details.	
4.2 Does the Company formulate and implement reasonable employee welfare measures (including salary and compensation, leave, etc.) and appropriately reflect operating performance or results in employee remuneration?	✓		4.2 The Company has established "Work Rules", "Employee Performance Evaluation Measures", "Employee Reward and Punishment Measures" and "Employee Welfare Measures Implementation Measures" and other regulations to clearly stipulate remuneration, vacation, reward and punishment standards and welfare measures, in order to grow together with the Company's operations and comply with corporate social responsibility.	No discrepancies
4.3 Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		4.3 The Company conducts regular testing and maintenance of fire safety equipment and access control security to strengthen the safety protection of the working environment and regularly carries out the cleaning and disinfection of various facilities in the workplace to ensure the hygiene and comfort of the working environment. In addition, the "Code of Practice for Occupational Safety and Health" is established, fire drills and employee health checks are regularly held, and there are contracted medical staff to	No discrepancies

Sustainable development matter	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Summary	
			<p>provide on-site services, strengthening employees' awareness of safety and health. In 2024, the Company did not experience any occupational accident incidents involving employees or non-employees, with only 2 traffic accidents occurring during commuting. The Company has promoted to employees the importance of traffic safety during commuting and strongly discourages any hasty behavior.</p> <p>In 2024, there were 0 fire incidents, casualties, accounting for 0% of the total number of employees at the end of 2024. We regularly test and maintain fire equipment, comply with the management committee's annual reporting requirements, and regularly arrange fire drills and fire management personnel training, implementing various fire prevention measures and disaster response-related matters.</p>	
4.4 Does the Company provide its employees with career development and training sessions?	✓		<p>4.4 The Company is committed to cultivating talents, improving employees' capabilities, and planning a comprehensive education and training mechanism, comprising pre-employment training and on-the-job training. From departmental functional training for new recruits, internal and external education and training (such as integrity management, legal compliance courses, accounting training or major legal seminars) to leadership training for middle and senior managers, etc., all have dedicated personnel planning specialized projects. Through multiple learning platforms such as physical lectures, external training, and online learning videos, we continue to improve the Company's training plan and expect employees to strengthen their own professional skills through continuous education and training. In addition, the department responsible for training will provide various course information from time to time. For example, as a member of the Taipei Electronic Components Association, our employees are</p>	No discrepancies

Sustainable development matter	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Summary	
			encouraged to participate in relevant education and training.	
4.5 Does the Company comply with relevant regulations and international standards in customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant Equity policies and appeal procedures for consumer protection?	✓		4.5 In order to comply with the regulations and meet international standards, the Company's products are provided by major suppliers with EU RoHS certification and some products have halogen-free certificates.	No discrepancies
4.6 Does the Company have a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how is it implemented?	✓		4.6 The Company values environmental protection and social responsibility maintenance. Although we have not established supplier management policies, we choose companies that similarly value integrity as suppliers and customers. We regularly assess suitability and pay attention to whether suppliers and customers have records affecting environmental and social responsibility. Although our contracts with major suppliers do not stipulate clauses regarding environmental and social responsibility, suppliers can provide proof of their company's environmental maintenance certification to our company as needed.	No discrepancies
5. Does the Company prepare sustainability reports or other reports disclosing non-financial information with reference to internationally	✓		The Company's sustainability report was compiled in accordance with Global Reporting Initiative (GRI) standards, and also disclosed the sustainability accounting standards indicators issued by the United States Sustainability Accounting Standards Board (SASB), as well as the Climate-related Financial Disclosures	No discrepancies

Sustainable development matter	Implementation			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons thereof
	Yes	No	Summary	
accepted reporting standards or guidelines? Have these reports obtained assurance or certification opinions from third-party verification units?			Recommendations (TCFD) information of the Financial Stability Board (FSB). The Company also commissioned a third-party verification agency, BSI, to verify the content of this report in accordance with the AA1000 AS guarantee standards V3, and use Type1 and moderate assurance as the verification basis to ensure that the content of this report complies with GRI standards. The report was uploaded to the Market Observation Post System and the Company's website before August 31, 2024.	
<p>6. If the Company has established its sustainable development code of practice in accordance with "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the operational status and any differences:  The Company's by Board of Directors has established the "Corporate Social Responsibility Best Practice Principles" in 2017, and amended the name of "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" on March 23, 2022. Considering the current situation of the Company and the provisions of the law, it will be revised gradually and implemented without major differences.</p>				
<p>7. Other important information to facilitate a better understanding of the practices of promoting sustainable development:</p> <p>7.1 Promoting and implementing the concept of environmental protection.</p> <p>7.2 Valuing social care and providing timely assistance and support to socially disadvantaged groups.</p>				

• Human rights policies and practices

Human Rights Policy	Evaluation Aspect	Specific measures and mitigation measures
Prohibition of child labor and forced labor	<ul style="list-style-type: none"> <li>Child labor is prohibited.</li> <li>Confirm the identity and age at the time of registration, and will not be hired if it is not legal.</li> <li>The Company has established a system of regular working hours and extension of working hours in accordance with the law, and does not force labor.</li> </ul>	<ol style="list-style-type: none"> <li>It is forbidden to hire child labor under the age of 16, and any form of forced labor, and improper employment discrimination is strictly prohibited.</li> <li>The Company does not compel or coerce any unwilling personnel to perform labor services, and the daily and weekly normal working hours and extended working hours, vacations, special vacations, other leaves and extended working hours of employees are in compliance with laws and regulations.</li> <li>Submit relevant identification documents at the time of registration. Individuals who do not meet the minimum age requirements stipulated by regulations will not be employed.</li> </ol>
Eliminate discrimination, respect diversity	<ul style="list-style-type: none"> <li>Provide employee suggestion channels.</li> </ul>	<ol style="list-style-type: none"> <li>Develop diverse and inclusive (D&amp;I) corporate policies and strategies, and actively establish a diversified, equal and friendly corporate culture</li> </ol>



and ensure equality	<ul style="list-style-type: none"> <li>♦ Evaluation criteria are based on employee performance and professional skills.</li> <li>♦ Diversity and equality in talent recruitment, and reward.</li> </ul>	<p>and working environment to enhance corporate image and the Company's image and reputation.</p> <ol style="list-style-type: none"> <li>2. Provide equal job opportunities and treatment without discrimination on the basis of race, skin color, gender, religion, political affiliation, nationality, or social origin.</li> <li>3. Protection of various labor rights, including minimum wage, working hours (including overtime), insurance, leave, retirement system, contract termination notice period, freedom of association, and collective bargaining rights.</li> <li>4. The Company conducts employee performance appraisals annually and links the appraisal results to salary adjustment, promotion, reward, transfer, etc.</li> <li>5. Implement the "Act of Gender Equality in Employment" and protect the right of employees to take parental leave.</li> <li>6. Quarterly labor-management meetings to discuss promoting labor-management cooperation, coordination of labor-management relations, improvement of working conditions, and employee welfare planning.</li> </ol>
Prohibition of unlawful infringement and promotion of a harassment-free environment	<ul style="list-style-type: none"> <li>♦ Complaint investigation system and handling methods.</li> <li>♦ Set up a dedicated hotline and e-mail to handle complaints, and publicly disclose relevant information in the workplace.</li> </ul>	<ol style="list-style-type: none"> <li>1. The Company does not tolerate any workplace bullying by managers of the Company and does not tolerate workplace violence against company employees by employees or suppliers, customers, and strangers.</li> <li>2. We prohibit harassment and are committed to creating a work environment that is safe, equal and free from discrimination.</li> <li>3. The Company established procedures for sexual harassment prevention, investigation, and disciplinary measures; prevention plans for unlawful infringement while performing duties; and procedures for handling reports of illegal, unethical, or dishonest behavior.</li> <li>4. Employees can report through dedicated mailboxes and labor-management meetings, and can also directly appeal to senior executives to labor rights.</li> </ol>
Implement occupational health and safety	<ul style="list-style-type: none"> <li>♦ Occupational safety and health of employees.</li> <li>♦ Physical workplace safety.</li> <li>♦ Health management and medical consultation.</li> </ul>	<ol style="list-style-type: none"> <li>1. There are safety and health management personnel responsible for supervising the handling and implementation of occupational safety and health management plans.</li> <li>2. Arrange for employees to conduct occupational safety and health education and training.</li> <li>3. Regularly inspect various appliances and equipment used in the workplace, and prohibit</li> </ol>

	<ul style="list-style-type: none"> <li>♦ Diversified clubs and employee activities.</li> <li>♦ Child care subsidies for employees' children.</li> <li>♦ Flexible shift system.</li> </ul>	<p>equipment that does not meet safety standards or has not been verified as qualified.</p> <ol style="list-style-type: none"> <li>4. Designated personnel including fire management and first aid personnel to strengthen employee safety protection measures in the workplace.</li> <li>5. Organize fire drills every six months, set up and organize self-defense fire brigades, and plan safe evacuation routes in the community.</li> <li>6. Annual regular fire equipment inspection and reporting.</li> <li>7. The Company arranges regular health checkups for employees and contracted medical staff to provide on-site health-related services every year, and regularly holds health seminars to care for the health status of employees.</li> <li>8. Diversified club activities (such as the bowling club, the badminton club, the triathlon club, the bicycle club and the aerobic dance club) and periodic family days, employee domestic and foreign travel to promote employee interaction and team spirit.</li> <li>9. Flexible shift options to help employees balance work, family life, and educational needs.</li> <li>10. Provide a breastfeeding-friendly environment, and childcare subsidies for children under 12 years old.</li> </ol>
Protection of personal information and privacy	<ul style="list-style-type: none"> <li>♦ Regularly review and store personal data servers.</li> <li>♦ Strengthen the control of personnel entering and leaving the computer room.</li> <li>♦ Established the cyber security task force and established cyber security risk management framework.</li> <li>♦ Regular information security inspection and enhancement of software and hardware equipment.</li> </ul>	<ol style="list-style-type: none"> <li>1. Establishment of a dedicated information security unit with designated managers and personnel responsible for promoting cyber security policies, planning cyber security systems, and monitoring and implementing information security management.</li> <li>2. Regularly update the anti-virus software and strengthen the hardware firewall to prevent viruses.</li> <li>3. Data backup and recovery tests are conducted regularly, and simulation exercises are conducted regularly for disaster recovery.</li> <li>4. Properly handle personnel account and authority management, and regularly check system authority settings to prevent the leakage of confidential information.</li> <li>5. Regular inspection by the Company's IT department personnel of servers storing employee and customer personal data to prevent attacks and data theft.</li> <li>6. Strengthen the control of personnel entering and leaving the computer room to prevent the outflow of important personal information.</li> </ol>

		7. Implement employee education and training to improve employees' awareness and ability of information security and personal data protection.
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• Human Rights Training

Nichidenbo conducts human rights protection-related training for employees annually to promote human rights policies, improve human rights protection awareness, and reduce the possibility of related risks. In 2024, the total education and training hours (including human rights education and training) amounted to 1,919.28 hours, with an average of 12 hours of training per person, including the following training related to human rights protection:

1. Occupational safety and health training:  
Employees are obligated to undergo occupational safety and health education and disaster prevention training and conduct necessary on-the-job training and regular re-training in accordance with the occupational safety and health education and training rules.
2. Disaster drill education and training:  
Regularly conduct accident education and training. Through accident investigation and analysis methods, employees can understand the cause and reduce the occurrence of accidents, thereby strengthening the health and safety of all employees.
3. Information security education and training:  
Strengthen employee information security education and training, improve all employees' information security awareness, and continue to improve the cycle process with PDCA (Plan-Do-Check-Act) to strengthen various information security systems.
4. Compliance education and training:  
Compliance with regulatory requirements and legal and compliant operations are the most basic responsibilities of an enterprise and are also the key to sustainable operations. Through various regulatory education and training sessions held irregularly throughout the year, we ensure that employees are aware of and can grasp the latest regulations, strengthening their legal compliance and ethical awareness.

Details of donation in 2024

Unit: NT\$

Recipient organization	Amount of donation
World Vision Taiwan	60,000
Chensenmei Social Welfare Foundation, Taoyuan County	60,000
Foundation of Helping Underprivileged Students of Taipei City Department of Education	500,000
Ministry of Health and Welfare- Disaster Relief Account-Noto Peninsula Earthquake Project, Japan	1,000,000
Fund of Excellent Underprivileged Students, Education Department, New Taipei City Government	2,000,000
Public Welfare Foundation of the Ministry of Health and Welfare- Major Disaster Relief 0403 Hualien Earthquake Fundraising Project	1,000,000
Social Welfare Department, New Taipei City Government-rehabilitative bus	3,590,096
Total	8,210,096

The Company's climate-related information

A. Implementation of climate-related matters

Item	Implementation					
1. Describe Board of Directors and the management's supervision and governance of climate-related risks and opportunities.	<p>The board of directors is the highest authority in climate change management and is responsible for ensuring the effective implementation of annual climate-related risk management (including climate change-related issues), and reviewing the associated risks and opportunities, as well as the short-, medium-, and long-term goals and results of the corresponding action plans. Nichidenbo has been conducting greenhouse gas inventories in accordance with the ISO 14064-1:2018 standard since 2012 and reports quarterly to the Board of Directors on the progress of greenhouse gas inventory implementation. Nichidenbo's Sustainability Department is responsible for compiling the potential impacts of various climate-related issues on the organization, internally and externally, while each responsible unit identifying and evaluating climate change risks and impacts. Senior executives hold meetings to discuss climate-related risks and opportunities, assessing the potential impacts of risks, and developing and managing various action plans to adjust and mitigate climate-related financial risks while identifying corresponding climate-related financial opportunities. Significant risks will be reported to the board of directors in a timely manner.</p>					
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finance (short, medium, and long-term) of the enterprise.	Climate-related risks and potential operational and financial impacts					
	Type	Climate-related risks	Impact period	Risk description	Potential operational and financial impacts	Adaptation and response measures
	Transition risk	Policies and regulations				
		Local regulations	Medium-term	<ul style="list-style-type: none"> <li>Taiwan has passed the Climate Change Response Act, adopting a carbon fee collection mechanism, with the carbon fee to be implemented starting in 2025. Companies must therefore engage in</li> </ul>	<ul style="list-style-type: none"> <li>We act as an agent for passive components. If the supplier is a major carbon emitter, there may be a situation where the supplier passes on carbon expenses to product prices, resulting in an</li> </ul>	<ul style="list-style-type: none"> <li>Cooperate with suppliers to promote carbon reduction measures in the supply chain. For example, suppliers are required to use renewable energy, improve energy efficiency, or adopt low-carbon technologies. This can reduce the carbon emissions of suppliers, thereby decreasing their carbon expenses.</li> <li>Through the ISO 14064-1 greenhouse gas inventory standard methodology, carbon reduction planning is conducted</li> </ul>

				carbon reduction planning.	<p>increase in our procurement costs.</p> <ul style="list-style-type: none"> <li>• If the Company fails to establish clear carbon reduction targets or cannot effectively reduce greenhouse gas emissions, it may be inconsistent with the greenhouse gas reduction and energy management regulations implemented by the government, potentially leading to the need to pay related carbon fees or carbon taxes. In addition, this may also prevent them from achieving the carbon reduction goals of their customers' supply chains, resulting in</li> </ul>	<p>based on the inventory results to enhance the internal energy efficiency of the enterprise. In the future, the implementation of the ISO 50001 energy management system will be evaluated to reduce electricity consumption and carbon emissions.</p>
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					lost orders and decreased revenue.	
		Laws and standards on energy-saving products	Long-term	<ul style="list-style-type: none"> <li>Under the Renewable Energy Development Act, large electricity users with a contracted capacity of more than 5,000kW are required to self-provide 10% green electricity within 5 years.</li> </ul>	<ul style="list-style-type: none"> <li>Planning for the use of green electricity requires a higher initial investment, including the costs of installing renewable energy equipment, which will increase operating costs.</li> <li>Replacing relevant old equipment with energy-saving equipment; for example, replacing 1 old air conditioner with 1 energy-saving air conditioner will increase operating costs by approximately NT\$180 thousand.</li> <li>Replacement of equipment components and increase in electricity rates</li> </ul>	<ul style="list-style-type: none"> <li>Continue to plan the use of green electricity to reduce reliance on traditional energy sources, thereby minimizing the risks associated with fluctuations in energy prices.</li> <li>Despite not being a major power user, the Company continued to replace old equipment with energy-saving ones and carried out carbon reduction measures from 2019 to 2024. The costs of replacing old air conditioners with new ones and old lamps with energy-saving LED lamps totaled approximately NT\$2.32 million.</li> </ul>

					<ul style="list-style-type: none"><li>may lead to an increase in energy costs.</li><li>Replacing old lighting fixtures with energy-saving LED will increase operating costs by approximately NT\$20 thousand.</li></ul>	
		Reputation				
		Reputation Impairment	Short-term	<ul style="list-style-type: none"><li>The public and stakeholders are increasingly concerned about climate change issues and whether corporate organizations are committed to the low-carbon transition.</li></ul>	<ul style="list-style-type: none"><li>The impairment of reputation will lead to difficulties in sales.</li></ul>	<ul style="list-style-type: none"><li>Continue to cooperate with suppliers (original manufacturers) that are committed to carbon reduction to create a sustainable supply chain.</li><li>Invest in marketable securities of companies related to sustainability, not investing in companies with high carbon emissions, and meet the stakeholders' expectations and commitments of Net Zero.</li></ul>
	Type	Climate-related Risks	Impact period	Risk description	Potential operational and financial impacts	Adaptation and response measures
Physical risk	Immediacy					
	Extreme weather events such as typhoons,	Short-term	<ul style="list-style-type: none"><li>If it is within the main scope of influence, employees will not need to</li></ul>	<ul style="list-style-type: none"><li>The increase in the probability of product</li></ul>	<ul style="list-style-type: none"><li>In response to the potential impact of extreme weather on operations, Nichidenbo has insured its products to mitigate the risk of cargo loss. In 2024,</li></ul>	

		floods, and droughts		<p>attend work (no-pay natural disaster leave).</p> <ul style="list-style-type: none"> <li>• Possible suspension or interruption of transportation services.</li> <li>• Rainstorms or flooding may cause moisture damage to sea and air cargoes.</li> </ul>	<p>damage will result in a loss to the company and a burden on insurance.</p>	<p>the Company purchased cargo transportation insurance, fire insurance (covering real estate, office equipment, and miscellaneous equipment), and public liability insurance, with an estimated premium amount of approximately NT\$3.116 million.</p>
		Long-term				
		Changes in rainfall (precipitation) patterns	Mid- term	<ul style="list-style-type: none"> <li>• Cause flooding.</li> </ul>	<ul style="list-style-type: none"> <li>• Possible increase in the loss rate of goods, increasing cost of warehousing.</li> </ul>	<ul style="list-style-type: none"> <li>• Use scenario simulation tools to assess physical climate risks.</li> <li>• Cooperate with third-party manufacturers to purchase sandbags, water pumps, and other equipment to reduce the risk of flooding.</li> <li>• Formulate contingency measures for water and electricity shortages to effectively shorten recovery time and maintain the Company's normal operations.</li> <li>• Continue to optimize the warehousing management system, keep abreast of the status of goods and logistics, and improve efficiency and flexibility.</li> <li>• Continue to maintain good communication with customers to coordinate shipment status and customer needs promptly, addressing issues</li> </ul>
		Annual average temperature increase	Long-term	<ul style="list-style-type: none"> <li>• Rising temperature affects the storage of goods.</li> <li>• A higher cooling intensity is required for air conditioning.</li> <li>• Decrease in life span of office-related equipment.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in cost of warehousing.</li> <li>• Increase in electricity expenses.</li> <li>• Increase in equipment procurement expenses.</li> </ul>	



related to rising temperatures affecting product storage.

The impact period is defined as: short-term, within 1-3 years; medium-term, within 3-10 years; long-term, over 10 years.

#### Climate-related risks and potential operational and financial impacts

Type	Climate-related opportunities	Impact period	Potential operational and financial impacts	Adaptation and response measures
Resource efficiency	<ul style="list-style-type: none"> <li>Paper and waste recycling and reuse</li> <li>Switch to electrical equipment with higher efficiency</li> <li>Reduce water consumption</li> </ul>	Short/medium-term	<ul style="list-style-type: none"> <li>Reduced purchase amount of consumables.</li> <li>Reduced electricity consumption and carbon emissions.</li> <li>Reduced water costs.</li> </ul>	<ul style="list-style-type: none"> <li>Nichidenbo customizes the shipping packaging methods of its products according to customer needs. In response to the circular economy, the packaging materials such as cardboard boxes, pallets, and protective fillers used for shipping are made from original boxes and existing materials as much as possible to implement the circular economy model.</li> <li>From 2019 to 2024, high-power consumption water-cooled air conditioners will be gradually replaced with high-performance Grade 1 split type air conditioners and LED energy-saving lighting fixtures, significantly reducing electricity consumption. The total cost of equipment replacement amounted to NT\$2,321,473.</li> <li>Since the replacement of the cooling tower in 2022, the water consumption has decreased by 18.8% compared with the previous year. Optimize the warehouse management system and move towards the goal of paperless incoming and outgoing shipping documents such as inspection slips and shipping notices.</li> </ul>

					<ul style="list-style-type: none"> <li>Since 2019, we have gradually reduced energy consumption through virtualization of physical hosts, with a total of 26 units as of now.</li> </ul>
	Market	<ul style="list-style-type: none"> <li>In response to the international environmental protection and carbon reduction trends, the market and consumers' demand for products in the fields of energy saving (low power consumption) and sustainability (such as electric vehicles, energy storage, etc.) has increased, which has an indirect impact</li> </ul>	Medium/long-term	<ul style="list-style-type: none"> <li>Work with original manufacturers to provide key components that can improve energy efficiency (such as MLCC), expand into new markets, professional agencies, and product line portfolio, gradually increasing revenue.</li> </ul>	<ul style="list-style-type: none"> <li>The main manufacturer, Panasonic, has begun to develop energy-saving and smart home appliances. Nichidenbo plans business models for new markets, and gradually increases the agency of goods such as electric vehicles, energy storage equipment, and network communication.</li> </ul>

	<table><tr><td>Resilience</td><td><ul style="list-style-type: none"><li>Consolidate climate change risks and treatment methods to enhance the Company's response capabilities</li></ul></td><td>Long-term</td><td><ul style="list-style-type: none"><li>Strengthen corporate resilience, reduce losses caused by climate change, and reduce customer losses.</li></ul></td><td><ul style="list-style-type: none"><li>Continue to identify corporate operational risks due to climate change and strengthen corporate resilience.</li></ul></td></tr></table> <p>The impact period is defined as: short-term, within 1-3 years; medium-term, within 3-10 years; long-term, over 10 years.</p>	Resilience	<ul style="list-style-type: none"><li>Consolidate climate change risks and treatment methods to enhance the Company's response capabilities</li></ul>	Long-term	<ul style="list-style-type: none"><li>Strengthen corporate resilience, reduce losses caused by climate change, and reduce customer losses.</li></ul>	<ul style="list-style-type: none"><li>Continue to identify corporate operational risks due to climate change and strengthen corporate resilience.</li></ul>				
Resilience	<ul style="list-style-type: none"><li>Consolidate climate change risks and treatment methods to enhance the Company's response capabilities</li></ul>	Long-term	<ul style="list-style-type: none"><li>Strengthen corporate resilience, reduce losses caused by climate change, and reduce customer losses.</li></ul>	<ul style="list-style-type: none"><li>Continue to identify corporate operational risks due to climate change and strengthen corporate resilience.</li></ul>						
3. Describe the impact of extreme weather events and transition actions on finance.	For the financial impact of extreme climate events and transition actions, please refer to the "Potential operational and financial impacts" and "Adaptation and response measures" in the preceding table.									
4. Describe how the identification, assessment and management process of climate risks are integrated into the overall risk management system.	The climate change risk management process has been integrated into general risk management, including identification, assessment, management, recovery, adaptation, and other steps. The Company's responsible units observe the latest trends and evaluate climate change risks from time to time to understand specific potential financial impacts as the basis for policy formulation and goals and establish a sound climate management procedure.									
5. If scenario analysis is used to evaluate resilience to climate change risks, please explain the scenarios, parameters, assumptions, analysis factors,	<p>Physical scenario</p> <p>According to the RCP climate scenario selected by the Company, the stock affairs unit evaluates the impact of climate disasters that may occur at 2.2 °C ~ 4.4 °C, and then simulates the climate scenario of RCP 2.6 ~ RCP 8.5 according to the public climate model/graph websites such as "Taiwan Climate Change Projection Information and Adaptation Knowledge Platform" and "3D Disaster Potential Map".</p> <p>The IPCC RCP climate scenario type and related indicators adopted by the Company</p> <table><tr><td>Scenario</td><td>RCP 2.6</td><td>RCP 8.5</td></tr><tr><td>Warming range</td><td>~ 2.2 °C</td><td>~ 4.4°C</td></tr></table>				Scenario	RCP 2.6	RCP 8.5	Warming range	~ 2.2 °C	~ 4.4°C
Scenario	RCP 2.6	RCP 8.5								
Warming range	~ 2.2 °C	~ 4.4°C								

and main financial impacts used.	Climate-related Data Indicators	Maximum rainfall per day 215.1 mm The annual average temperature of 22.8 degrees	Maximum rainfall per day 263.6 mm The annual average temperature of 25 degrees
6. If there is a transition plan to manage climate-related risks, explain the content of the plan, and the indicators and goals used to identify and manage physical risks and transition risks.	Transition scenario		
	<p>Nichidenbo analyzes scenarios based on the Paris Agreement's NDCs (Nationally Determined Contributions) and relevant domestic regulations (such as the "Climate Change Response Act" and "Renewable Energy Development Act") to estimate future financial impacts of electricity costs. Under the target of reducing greenhouse gas emissions by 50% from BAU by 2030, if Taiwan's renewable energy proportion increases from 5.6% in 2019 to 40% by 2030 as planned in the national energy policy, Taiwan Power Company's electricity unit price is expected to rise from NT\$2.63/kWh in 2019 to NT\$3.88/kWh in 2030 due to higher renewable energy costs, increasing our purchased electricity costs.</p> <p>Based on 2024's purchased electricity volume of 271,451.91 kWh, energy costs may increase to NT\$1,053,233 by 2030. In response to this potential impact, the company will continue implementing energy-saving measures to reduce electricity consumption impacts. We also reduce energy consumption and water consumption by replacing equipment with energy-saving and water-saving equipment in the office area and promoting low-carbon emission guidelines.</p> <ul style="list-style-type: none"> <li>● Energy conservation and carbon reduction: The Company has been promoting various energy conservation and carbon reduction measures for a long time, and plans to reduce carbon emissions by 3 to 5% by 2027, with 2022 as the baseline year. The changes in electricity consumption, water resources, and recyclable waste in 2024, along with the respective measures and projections, are described as follows: <ul style="list-style-type: none"> <li>■ Electricity consumption: Select energy-efficient products with Green Mark certification for lighting equipment, turn off air-conditioning and lights in meeting rooms when not in use; during lunch breaks, only essential lighting is kept in the office and public areas. It is estimated that the electricity consumption will be reduced by 1% annually in the future. The electricity consumption in 2024 was 271,451.91 kWh, which was an increase of approximately 17.44% compared to 2022, mainly due to Nichidenbo's acquisition of 2 new factory offices, resulting in an increase in electricity consumption in 2024.</li> <li>■ Water resources: Promote water conservation, limit the flow of water in sinks at public toilets, replace old equipment, and prioritize the use of faucets and toilets with "Water Label" certification. It is estimated that the water consumption will be decreased by 1% annually in the future. NDB's total water withdrawal in 2024 is 1.411 thousand cubic meters (1,000 m<sup>3</sup>), a reduction of approximately 18.84% compared to 2022.</li> <li>■ Recyclable waste (Note): Advocate waste reduction policies, and encourage double-sided printing or reuse the reverse side of paper for official documents. The brand of photocopy paper used is certified with the FSC label, and it is estimated that recyclable waste will be reduced by 1% annually. The total weight of recyclable waste in 2024 was 13.15 metric tons, which was an increase of approximately 24.17% compared to 2022, due to the addition of about 201 boxes of data destroyed in 2024, resulting in an increase in the total amount of recyclable waste.</li> </ul> </li> </ul>		

	<p>Note: The scope of the recyclable waste statistics for the period between 2022 and 2024 covered Nichidenbo and 6 subsidiaries (Lipers, Scope Technology, Advance, VIC-DAWN, TONSAM, and KOHO (Taiwan)).</p> <ul style="list-style-type: none"> <li>● Greenhouse gasses: The greenhouse gasses emitted in 2024 are as follows: Scope 1 -73.92 metric tons CO<sub>2</sub>e, Scope 2 - 134.10 metric tons CO<sub>2</sub>e, Scope 3 - 192.90 metric tons CO<sub>2</sub>e. Starting from 2023, annual greenhouse gas inventories will be conducted in accordance with the international standard ISO 14064-1, with 2022 set as the baseline year. In the future, the Company will regularly monitor and manage the emission data for Scope 1 and Scope 2, and gradually expanding the inventory scope to include the Group's subsidiaries. To align with the timeline outlined in the Sustainable Development Roadmap for listed companies, third-party verification will be conducted to ensure the credibility of the emission data.</li> </ul>
7. If the internal carbon pricing is used as a planning tool, the price setting basis should be stated.	The Company currently does not use internal carbon pricing as a planning tool, which will be evaluated and introduced according to actual needs in the future.
8. If climate-related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, the annual achievement progress, and other information should be explained. If carbon offset or Renewable Energy Certificate (RECs) are used to achieve the relevant goals, the source and	<ol style="list-style-type: none"> <li>1. The Company's settings for climate-related targets, as detailed in Item 6 above.</li> <li>2. The Company currently does not use carbon offset and Renewable Energy Certificates (RECs), which will be introduced according to actual needs in the future.</li> </ol>

quantity of the carbon offset credit or the quantity of the Renewable Energy Certificate (RECs) should be stated.	
9. Greenhouse gas inventory and assurance status, reduction targets, strategies and concrete action plans (please refer to 1-1 and 1-2).	See 1-1 and 1-2 for details.

## 1-1 The Company's greenhouse gas inventory and assurance status of for the last two years

### 1-1-1 Greenhouse gas inventory information

Describe the greenhouse gas emissions (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million dollars), and data coverage for the last two years.

Nichidenbo has established a greenhouse gas inventory mechanism in accordance with the ISO14064-1 greenhouse gas inventory standard issued by the International Organization for Standardization (ISO), conducting regular annual inventories of the Company's greenhouse gas emissions. The data from the last 2 years of the greenhouse gas inventory are as follows:

Year		2024	2023
Coverage		NDB Company	NDB Company
Scope 1	Total emissions (metric tons of CO <sub>2</sub> e)	73.92	60.49
	Intensity (metric tons of CO <sub>2</sub> e/parent-company-only revenue of NT\$1 million)	0.04	0.03
Scope 2	Total emissions (metric tons of CO <sub>2</sub> e)	134.10	115.25
	Intensity (metric tons of CO <sub>2</sub> e/parent-company-only revenue of NT\$1 million)	0.08	0.06
Scope 3	Total emissions (metric tons of CO <sub>2</sub> e)	192.90	281.53
	Intensity (metric tons of CO <sub>2</sub> e/parent-company-only revenue of NT\$1 million)	0.11	0.15

Note : The parent-company-only revenues for 2023 and 2024 were NT\$1,820 million and NT\$1,751 million, respectively.

### 1-1-2 Greenhouse gas assurance information

Describe the assurance status for the most recent two years as of the publication date of the annual report, including the assurance scope, assurance body, assurance standards, and assurance opinions.

There will be no greenhouse gas information in 2024. In addition, as a company with a paid-in capital of less than NT\$5 billion, in accordance with the timetable of the roadmap for sustainable development of listed companies, the Company will disclose the greenhouse gas information of its parent company for the year of 2027 in 2028, and that of its subsidiaries in the consolidated financial statements for the year of 2028 in 2029.

### 1-2 Greenhouse gas reduction targets, strategies and concrete action plans

Describe the baseline year and data for greenhouse gas reduction, reduction targets, strategies and concrete action plans, and the achievement of reduction targets.

The Company is currently at the initial stage of greenhouse gas inventory. In the future, after collecting more emission data, the Company will further discuss reduction targets and concrete action plans.

(6) State of the Company's performance in the area of ethical corporate management, any discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reason thereof

(i) The Company's management team adheres to the principle of integrity in business operations, aiming to deepen the corporate culture of integrity and sound development, and to establish a solid business operation framework.

(ii) The descriptions of the performance of the ethical management are as follows:

Evaluation item	Implementation			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
1. Establishment of ethical corporate management policies and programs				
1.1 Has the Company established an ethical corporate management policy approved by the Board of Directors, and is this policy clearly stated in its regulations and external documents, along with the board of directors' and senior management's commitment to actively implement the business policy?	✓		1.1 The Company established its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" in 2017 as the basic premise for implementing ethical management in compliance with the Company Act, applicable regulations for TWSE/TPEX listed companies, and other business-related laws and regulations.	No discrepancies
1.2 Has the Company established a risk assessment mechanism against unethical conduct, regularly analyzing and evaluating business activities within its scope that have a higher risk of dishonest behavior, and based on this, formulated measures to prevent dishonest behavior, covering at least the preventive measures for the	✓		1.2 The Company's "Ethical Corporate Management Best Practice Principles" encompass preventive measures for all behaviors specified in paragraph 2 of article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." By establishing sound systems for corporate governance and risk control, and comprehensive internal regulations, the Company aims to prevent unethical behavior and create a business	No discrepancies



Evaluation item	Implementation			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
behaviors listed in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?			environment for sustainable development.	
1.3 Has the Company specified in its prevention programs the operating procedures, guidelines, disciplinary actions for violations, and a grievance system, and implemented them and reviewed the prevention programs regularly?	✓		1.3 The Company has established its "Ethical Corporate Management Best Practice Principles" and "Bylaws to Report Cases of Illegal and Unethical Conduct" as a basis for implementing ethical management, to enhance the integrity and ethical concepts of corporate managers, and to ensure proper execution.	No discrepancies
2. Implementation of Ethical Corporate Management 2.1 Does the Company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		2.1 The Company conducts business activities in a fair and transparent manner. Prior to engaging in business dealings, we consider the legality of suppliers, customers, or other business transaction counterparties and whether they have any history of dishonest behavior in order to avoid dealing with those with a history of dishonest behavior.	No discrepancies
2.2 Has the Company set up a dedicated unit under the Board of Directors to promote ethical corporate management and regularly (at least once a year) report to the	✓		2.2 In October 2020, the Company established an Integrity Management Promotion Team approved by the Chairperson and formulated relevant operational procedures. Besides the General Manager serving as the chief commissioner, the following	No discrepancies

Evaluation item	Implementation			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
Board of Directors on its implementation of the ethical corporate management policies and prevention programs against unethical conduct?			<p>department heads serve as committee members with their respective responsibilities, and the chairperson reports to the Board of Directors on operations and implementation at least once annually:</p> <ul style="list-style-type: none"> <li>a. Corporate governance unit: responsible for integrity management promotion, meeting operations, ensuring legal compliance, regulatory effectiveness, and education training.</li> <li>b. Human resources and legal unit: Promote the importance of integrity and legal compliance and education and training on a regular and irregular basis.</li> <li>c. Business Division Heads: cooperate in the implementation and integrity management and fraud prevention measures, and are regularly supervised and audited.</li> </ul> <p>The ethical management promotion group held a meeting on October 21, 2024, establishing the 2025 plan and reporting on the implementation of the 2024 plan. Furthermore, the implementation of the ethical management policy was reported to the Board of Directors on November 6, 2024.</p>	
2.3 Does the Company establish policies to prevent conflicts of interest, provide appropriate communication	✓		2.3 The Company Regulations Governing Procedure for Meeting of Board of Directors meetings stipulates that directors or their representing legal entities must explain the	No discrepancies

Evaluation item	Implementation			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons thereof
	Yes	No	Summary	
channels, and implement them effectively?			important content of their interest in matters with conflicts of interest at the board meeting. If there is concern of harm to company interests, they may not participate in discussion and voting, must recuse themselves during discussion and voting, and may not exercise its voting rights on behalf of another director.	
2.4 Has the Company established an effective accounting system and internal control system for the implementation of integrity management, and has the internal audit unit formulated relevant audit plans based on the assessment results of the risk of dishonesty, and conducted audits to ensure compliance with the measures to prevent dishonest behavior, or entrusted an accountant to perform the audit?	✓		2.4 The Company has established an internal control system. To ensure that the continuous effectiveness of its design and implementation, audit personnel conduct annual reviews and revisions to establish proper corporate governance and risk control mechanisms.	No discrepancies
2.5 Does the Company regularly hold internal and external educational trainings on operational integrity?	✓		2.5 In 2024, educational guidance on relevant laws and regulations of the "Ethical Corporate Management Best Practice Principles" and "Insider Trading Rules" were provided to all new employees. The content includes "Corporate Governance Integrity Promotion", "Integrity Promotion", "Internal Material Information", "Prevention of	No discrepancies

Evaluation item	Implementation			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
			Insider Trading", and "Corporate Governance Related Procedures and Measures". The course briefing and audio-visual files have been placed in the Company's internal system for employees to access at any time. New employees are also required to take a mandatory 0.5 hours online course upon reporting.	
3. Operation of the Company's whistleblowing system				
3.1 Does the Company establish specific complaint and reward system in place, establish convenient reporting channels, and designate responsible individuals to handle the complaint received?	✓		3.1 The Company has implemented "Employee Reward and Punishment Measures" and "Bylaws to Report Cases of Illegal and Unethical Conduct", and appropriate personnel are responsible for handling reported matters.	No discrepancies
3.2 Has the Company established standard operating procedures for investigating reported misconduct, subsequent measures to be adopted after the investigation, and related confidentiality mechanisms?	✓		3.2 The Company established its "Bylaws to Report Cases of Illegal and Unethical Conduct" in 2017, specifying the handling unit, reporting methods, and procedures.	No discrepancies
3.3 Does the Company provide proper whistleblower protection?	✓		3.3 The Company's website has an email address for stakeholders to report misconduct anonymously.	No discrepancies
4. Strengthening information disclosure				
Does the Company disclose the content and	✓		The Company provides annual report information on the website to	No discrepancies

Evaluation item	Implementation			Discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof
	Yes	No	Summary	
effectiveness of its established Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?			disclose the implementation of the Company's integrity management.	
<p>5. If the Company has its own Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the difference between its operation and the established code: The Company established the "Ethical Corporate Management Best Practice Principles" in 2017, in order to comply with the Company's spirit of integrity management and to protect shareholders' equity. The relevant systems and measures formulated by the Company are in line with the spirit of integrity management practices and are effectively implemented.</p> <p>6. Other important information to facilitate a better understanding of the practices of the Company's ethical corporate management: (such as the Company's review and revision of its established Ethical Corporate Management Best Practice Principles, etc.): Please refer to "Corporate Governance" section on the Company's website.</p>				

(8) Other important information to facilitate a better understanding of the practices of corporate governance: <https://www.ndb.com.tw/>

(9) The section on the state of implementation of the Company's internal control system shall furnish the following:

(i) Statement of Internal Control

Market Observation Post System>Single Company>Corporate Governance>Company Regulations/Internal Control>Internal Control Statement Announcement  
<https://mops.twse.com.tw/mops/#/web/t06sg20>

(ii) For those who have engaged a CPA to conduct a special review of the internal control system, the CPA's review report should be disclosed: None.

(10) Material resolutions of a Shareholders' Meeting and Board of Directors during the latest year or the current year up to the date of publication of the annual report:

(i) Shareholders' Meeting Key Resolution and Implementation

Meeting Date	Important resolutions	Implementation
2024.6.25	1、Acknowledgment of the 2023 business report and financial statements.	The material information announcement on June 25, 2024, has already included "Shareholders' Meeting important resolutions."
	2、Approval of the 2023 earning appropriation proposals.	The cash dividends per share were distributed at cash dividends of NT\$ 3.4; the ex-dividend date was set on July

Meeting Date	Important resolutions	Implementation
		3, 2024, and the dividends were fully paid on July 31, 2024.
	3、Approval the amendment to "Articles of Incorporation"	It has been disclosed in the "Corporate Governance/Important Regulations" section of the Company's website. It has been approved by the Ministry of Economic Affairs on July 23, 2024, with the approval letter No. 11330126560.
	4、Election of the 14th Board of Directors.	Election results: Director: CHOU, WEI LIN, LEE, KUN CHAN, YU, YAO KUO, Zong Xin Investment Co. Ltd. Legal representative: HUANG, PEI CHING Independent Director: WU, CHIA HSUN, SU, MING YANG, HSU, HSOU CHUN, WAN, GWO WEI
	5、Approval of the removal of the new director and corporate entity representative from the prohibition of competition.	The significant information announcement was completed on June 25, 2024.

(ii) Important Board Resolutions

Session of board of directors	Meeting Date	Significant resolutions
14th meeting of the 13th Board of Directors	2024.3.13	<ol style="list-style-type: none"> <li>Resolution to approve the Company's 2023 individual financial report, Consolidated Financial Statements and business reports.</li> <li>Resolution to approve the CPA appointment for audit or review of the Company's 2024 financial report and professional fee thereof.</li> <li>Resolution to approve the Company's 2023 earning distribution proposals.</li> <li>Resolution to approve the amendments to the Company's manager compensation-related regulations.</li> <li>Resolution to approve the distribution of the Company's 2023 employee remuneration and director remuneration.</li> <li>Resolution to approve the proposal for the Company to expense the proportion of employee remuneration and director remuneration for 2024.</li> <li>Resolution to approve the application for increasing financing credit from various financial institutions.</li> <li>Resolution to approve the endorsements/guarantees for the subsidiary, KOHO (Taiwan) Co., Ltd.</li> <li>Resolution to approve the cancelation of the loan from the Company to its subsidiary KOHO (Taiwan) Co., Ltd.</li> <li>Resolution to approve the lending of funds by the Company to its subsidiary, KOHO (Taiwan) Co., Ltd.</li> <li>Resolution to approve the Company's increased acquisition of long-term marketable equity securities investment.</li> </ol>

Session of board of directors	Meeting Date	Significant resolutions
		<p>12. Resolution to approve the amendment to the Company's 2024 "Internal Control System" and "Internal Audit Implementation Rules".</p> <p>13. Resolution to approve the Company's 2023 "Internal Control System Effectiveness Assessment" and "Statement of Internal Control System".</p> <p>14. Resolution to approve the 2024 business plan of the Company.</p> <p>15. Resolution to approve the amendment to the Company "Articles of Incorporation".</p> <p>16. Resolution to approve the amendment to the Company "Regulations Governing Procedure for Meetings of Board of Directors" and "Audit Committee Charter".</p> <p>17. Resolution to approve the full re-election proposal of the 14th board of director of the Company.</p> <p>18. Resolution to lift the non-compete restrictions on the new directors and legal representatives of the Company.</p> <p>19. Resolution to set the time, location, method, agenda, book closure period, and related matters for shareholders' proposal rights for the 2024 Annual General Meeting of the Company.</p>
The 15th meeting of the 13th Board of Directors	2024.5.8	<p>1. Resolution to approve the Company's 2024 Q1 Consolidated Financial Statements.</p> <p>2. Resolution to approve the distribution of the Company's director remuneration for 2023.</p> <p>3. Resolution to approve the 2023 employee remuneration distribution plan of the Company.</p> <p>4. Resolution to approve the salary adjustment of the Company's managerial officers.</p> <p>5. Resolution to approve the application for increasing financing credit from various financial institutions through the Company.</p> <p>6. Resolution to approve the list of Director candidates nominated by the Board of Directors.</p> <p>7. Resolution passed the review of independent director candidate qualifications of the Company.</p> <p>8. Resolution to lift the non-compete restrictions on the new directors and legal representatives of the Company.</p> <p>9. Resolution to approve the scheduling of the time, location, method, agenda, and period for suspension of stock transfers of the Company's annual shareholders' meeting in 2024.</p>
The 1st meeting of the 14th Board of Directors	2024.6.25	<p>1. Resolution to approve the election of the 14th Chairperson and Vice Chairperson of the Company.</p>
The 2nd meeting of the 14th Board of Directors	2024.8.7	<p>1. Resolution to approve the Company's 2024 Q2 Consolidated Financial Statements.</p> <p>2. Resolution to approve the appointment of the 6th Company Remuneration Committee members.</p>

Session of board of directors	Meeting Date	Significant resolutions
		3. Resolution to approve the application for increasing financing credit from various financial institutions through the Company. 4. Resolution to approve the Company's 2023 sustainability report. 5. Resolution to lift the non-compete restrictions for independent director HSU, HSOU CHUN.
The 3rd meeting of the 14th Board of Directors	2024.8.28	1. Resolution to approve the Company's acquisition of long-term marketable equity securities investment. 2. Resolution to approve the Company has reacquired long-term marketable equity securities investment. 3. Resolution to approve the Company's reacquisition of long-term marketable equity securities investment.
The 4th meeting of the 14th Board of Directors	2024.11.6	1. Resolution to approve the Company's consolidated financial statements for the third quarter of 2024. 2. Resolution to approve the application for increasing financing credit from various financial institutions through the Company. 3. Resolution to approve the cancelation of the loan from the Company to its subsidiary, Lipers Enterprise Co., Ltd. 4. Resolution to approve the cancelation of the limit of capital loan by the Company to the subsidiary, Scope Technology Co., Ltd. 5. Resolution to approve the lending of funds from the Company to its subsidiary, Lipers Enterprise Co., Ltd. 6. Resolution to approve the loan of funds from the Company to its subsidiary, Scope Technology Co., Ltd. 7. Resolution to approve the Company has disposed of short-term marketable securities. 8. Resolution to approve the Company's "2025 Audit Plan". 9. Resolution to approve the amendment to the Company's 2024 "Internal Control System - Other Cycles" and "Internal Audit Implementation Rules - Other Cycles." 10. Resolution to approve the establishment of the capital reduction record date for the cancelation of part of the shares of the first issuance of new restricted employee shares of 2022 by the Company. 11. Resolution to approve the amendment of "Self-Evaluation or Peer Evaluation of the Board of Directors" by the Company.
The 5th meeting of the 14th Board of Directors	2025.3.13	1. Approved the Company's 2024 parent-company-only financial statements, consolidated financial statements, and business report. 2. Approved the appointment of CPAs to audit or review the Company's 2025 financial statements and their fees. 3. Approved the Company's 2024 earnings distribution plan. 4. Approved the amendment and addition to the Company's regulations and forms related to the remuneration of managerial officers. 5. Approved the distribution of the Company's 2024 employee and director



Session of board of directors	Meeting Date	Significant resolutions
		<p>remunerations.</p> <p>6. Approved the expense ratios of the Company's employee remuneration and director remuneration for 2025.</p> <p>7. Approved the general manager's vehicle replacement plan.</p> <p>8. Approved the Company's application for lines of credits and increase in lines of credit with various financial institutions.</p> <p>9. Approved the cancelation of the remaining limit on long-term marketable equity securities investment in WT Microelectronics Co., Ltd.</p> <p>10. Approved the Company's 2025 business plan.</p> <p>11. Approved the vesting of restricted stock awards for employees with special contributions for 2022.</p> <p>12. Approved the amendments to the Company's "Regulations Governing the 1st Issuance of New Restricted Employee Shares in 2022".</p> <p>13. Approved the amendment to the Company's "Regulations Governing the 1st Issuance of New Restricted Employee Shares in 2023".</p> <p>14. Approved the Company's definition of "grassroots employee".</p> <p>15. Approved the amendments to the Company's "Articles of Incorporation".</p> <p>16. Approved the amendments to the Company's 2025 "Internal Control System" and "Internal Audit Implementation Rules".</p> <p>17. Approved the Company's 2024 "Internal Control System Effectiveness Evaluation" and "Declaration of Internal Control System".</p> <p>18. Approved the release of the non-competition restriction against independent director, HSU, HSOU CHUN.</p> <p>19. Approved the time, place, method, reasons for convening, book closure period, and matters related to the acceptance of shareholders' proposals for Annual Shareholders' Meeting of the Company in 2025.</p>

(11) In the most recent annual report and up to the date of its publication, if there are any instances where directors or supervisors have recorded or made written statements of dissent regarding important resolutions passed by the Board of Directors: None.

#### 4. Professional fees of CPAs

(1) The amounts of the audit and non-audit fees paid to the CPAs and their affiliated firm and related enterprises, as well as the content of non-audit services:

Unit: NT\$ thousand

Name of Accounting Firm	Name of CPA		Audit period	Audit fees	Non-audit fees	Total	Remarks
Deloitte & Touche	SHAO, CHIH MING	WONG, YA LING	2024.1.1~ 2024.12.31	3,109		3,109	
	WONG, YA LING		2024.1.1~ 2024.12.31		385	385	
	SHAO, CHIH MING		2024.1.1~ 2024.12.31		200	200	
	XU, XIAO TING		2024.1.1~ 2024.12.31		201	201	
	CHEN, HUI MING		2024.1.1~ 2024.12.31		77	77	

Note: Non-audit fees included NT\$295 thousand for tax certification report, NT\$60 thousand for direct deduction method report, NT\$30 thousand for employee salary inspection fee for non-supervisory positions, NT\$200 thousand for execution of agreed-upon procedures, NT\$201 thousand for transfer pricing report, and NT\$77 thousand for business registration.

- (i) When the Company changes its CPA firm and the audit fees paid decreased by more than 10% compared to the previous year: None.
- (ii) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more: None.

#### 5. Replacement of CPA: None.

**6. Chairperson, general manager and managerial officers of the Company who are responsible for financial or accounting affairs have worked in the firm of the certified public accountant or its affiliates within the last year: None.**

**7. Any transfer of equity interests and pledge of or change in equity interests by a director, supervisor, manager, or shareholder with a shareholding of more than 10 % during the latest year or during the current year as of the date of publication of the annual report**

- (1) Transfer of equity interests and pledge of equity by a director, supervisor, manager, or shareholder with a stake of more than 10%

Stock Transfer: Market Observation Post System>Single Company>Changes in Shareholding/Securities Issued>Share Transfer Information Enquiry>Post Facto Report on Changes in Insider's Shareholding

Transfer of shareholding: [https://mops.twse.com.tw/mops/#/web/query6\\_1](https://mops.twse.com.tw/mops/#/web/query6_1)

Changes in share pledges: Market Observation Post System> Single Company > Shareholding Changes/Securities Issuance > Pledging and Unpledging by Insiders > Announcement of Pledging and Unpledging by Insiders

Changes in share pledges: [https://mopsov.twse.com.tw/mops/web/STAMAK03\\_1](https://mopsov.twse.com.tw/mops/web/STAMAK03_1)

- (2) Director, supervisor, manager, and information on the transfer of shares from shareholders with a stake of more than 10% to related parties:

April 13, 2025; Unit: shares

Title	Name	Reason for Transfer	Transaction date	Counter-party	Relationship between the counterparty and the Company, director, the supervisor, managerial officers, and shareholders holding more than 10% of the shares	Shares	Transaction price
Chairperson and CEO	CHOU, WEI LIN	Acquisition through donation	2024.7.9	CHENG, TENG YUN	Spouses	630,000	None
Director and Chief Operating Officer	LEE, KUN CHAN	Acquisition through donation	2024.7.9	LIU, XIU MENG	Spouses	260,000	None
Vice President	LIAO, LI SHU	Gift transfer	2024.11.18	LIAO, EN DE	Siblings	35,000	None
Vice President	LIAO, LI SHU	Gift transfer	2025.1.9	LIAO, EN DE	Siblings	35,000	None

- (3) Director, supervisor, manager, and information on pledge of shares from shareholders with a stake of more than 10% to related parties: None.

## 8. Information on the relationships between any of the top 10 shareholders

April 13, 2025; Unit: shares

Number	Name	Shares held		Shares held by spouse and minor children		Shares held through nominees		The names and relationships of the top ten shareholders who are related parties to each other or who are spouses or relatives within two degrees of kinship.		Remarks
		Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)	Title (or name)	Relationship	
1	WT Microelectronics Co., Ltd.	31,000,000	14.58	N/A	N/A	N/A	N/A	None	None	
	Representative : CHENG, WEN TSUN									
2	WPG Investment Co., Ltd.	5,849,000	2.75	N/A	N/A	N/A	N/A	None	None	
	Representative: HUANG, WEI-HSIANG									
3	Zong Xin Investment Co., Ltd.	5,800,000	2.73	N/A	N/A	N/A	N/A	Golden Tree Technology Co., Ltd.	(Note 2)	
	Representative : HUANG, PEI CHING	0	0	0	0	0	0			
4	Golden Tree Technology Co., Ltd.	4,400,000	2.07	N/A	N/A	N/A	N/A	Zong Xin Investment Co. Ltd.	(Note 2)	
	Representative : HUANG, PEI WEN	120,000	0.06	0	0	0	0			
5	CHOU, WEI LIN	4,050,000 (Note 1)	1.91	0	0	0	0	None	None	
6	Tiger Venture Capital Ltd.	2,644,000	1.24	N/A	N/A	N/A	N/A	None	None	
	Representative : WU, QIAN HUI									
7	Standard Chartered Bank's business department is entrusted with the custody of the series of funds from Vanguard Star Funds, including the investment account for Vanguard Total International	2,540,000	1.19	N/A	N/A	N/A	N/A	None	None	

Number	Name	Shares held		Shares held by spouse and minor children		Shares held through nominees		The names and relationships of the top ten shareholders who are related parties to each other or who are spouses or relatives within two degrees of kinship.		Remarks
		Shares	Shareholding (%)	Shares	Shareholding (%)	Shares	Shareholding (%)	Title (or name)	Relationship	
	Stock Index Fund.									
8	Yuanta Commercial Bank is entrusted with custody of the restricted stock trust account of Nichidenbo Corporation employees, which has voting rights and dividend distribution rights.	2,244,000	1.06	N/A	N/A	N/A	N/A	None	None	
9	LEE, KUN CHAN	2,190,532	1.03	0	0	0	0	None	None	
10	Standard Chartered Bank's Operations Department is entrusted with the custody of the Vanguard Group's Manager's Vanguard Emerging Markets Stock Index Fund investment account.	1,809,460	0.85	N/A	N/A	N/A	N/A	None	None	

Data source: The shareholding percentage is based on the shareholding data as of April 13, 2025, the latest book closure date, and is calculated based on the total number of issued shares of 212,597,150 shares.

Note 1: Including 1,500,000 shares in trust accounts with financial institutions where CHOU, WEI LIN retains decision-making rights.

Note 2: The representative of Zong Xin Investment Co., Ltd., HUANG, PEI CHING, and that of Golden Tree Technology Co., Ltd., HUANG, PEI WEN are relatives within 2 degrees of kinship.

**9. Total number of shares and total equity interests held in any single entity by the Company, its directors and supervisors, managers, and any companies controlled either directly or indirectly by the Company**

April 13, 2025; Unit: Shares

Investee Business (Note)	Investment by the Company		Investment by directors, supervisors, managers, and directly/indirectly controlled investees		Combined investment	
	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)	Shares	Shareholding ratio (%)
Nichidenbo (Mauritius) Ltd.	5,050,000	100.00	0	0.00	5,050,000	100.00
VIC-DAWN Enterprise Co., Ltd.	14,296,603	95.31	0	0.00	14,296,603	95.31
Lipers Enterprise Co., Ltd.	31,788,710	99.34	0	0.00	31,788,710	99.34
Scope Technology Co., Ltd.	53,016,276	100.00	0	0.00	53,016,276	100.00
Advance Electronic Supply Inc.	37,224,808	100.00	0	0.00	37,224,808	100.00
TONSAM Corporation	15,000,000	100.00	0	0.00	15,000,000	100.00
Lipers (Hong Kong) Enterprise Co., Ltd.	11,000,000	100.00	0	0.00	11,000,000	100.00
KOHO (Taiwan) Co., Ltd.	5,100,000	85.00	0	0.00	5,100,000	85.00
CONCORD ADVANCED TECHNOLOGY Co., Ltd.	21,932,212	20.56	0	0.00	21,932,212	20.56

Note: It is the Company's investments accounted for using the equity method.

# III. Capital Raising Activities

## 1. Capital and shares

(1) Share capital source

April 13, 2025

Unit: NT \$; Shares

Year & Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Capital increase by assets other than cash	Others
1993.01	1,000	10,000	10,000,000	10,000	10,000,000	Establishment 10,000,000	None	-
1996.09	1,000	20,000	20,000,000	20,000	20,000,000	Follow-on public offering (FPO) 10,000,000	None	-
1997.12	1,000	25,000	25,000,000	25,000	25,000,000	Capital increase by earnings 5,000,000	None	-
1998.12	1,000	28,000	28,000,000	28,000	28,000,000	Capital increase by earnings 3,000,000	None	-
1999.04	1,000	38,000	38,000,000	38,000	38,000,000	Issuance of new shares for merger 10,000,000	None	Note 1
2000.09	68	5,000,000	50,000,000	5,000,000	50,000,000	Follow-on public offering 12,000,000	None	Note 2
2001.05	10	15,000,000	150,000,000	15,000,000	150,000,000	Capital increase by earnings and capital surplus 100,000,000	None	Note 3
2001.12	13.44	17,650,000	176,500,000	17,650,000	176,500,000	Follow-on public offering 26,500,000	None	Note 4
2002.04	10	21,180,000	211,800,000	18,532,500	185,325,000	Capital increase by capital surplus 8,825,000	None	Note 5
2002.10	16.80	21,180,000	211,800,000	21,000,000	210,000,000	Follow-on public offering 24,675,000	None	Note 6
2003.08	10	33,000,000	330,000,000	24,421,000	244,210,000	Capital increase by earnings 34,210,000	None	Note 7
2004.09	10	55,000,000	550,000,000	28,474,850	284,748,500	Capital increase by earnings and capital surplus 40,538,500	None	Note 8
2005.03	10	55,000,000	550,000,000	29,793,418	297,934,180	Conversion of convertible bonds 13,185,680	None	Note 9
2005.06	10	55,000,000	550,000,000	36,886,285	368,862,850	Conversion of convertible bonds 70,928,670	None	Note 10
2005.08	10	55,000,000	550,000,000	40,239,990	402,399,900	Capital increase by earnings 33,537,050	None	Note 11
2005.08	10	55,000,000	550,000,000	40,708,497	407,084,970	Conversion of convertible bonds 4,685,070	None	Note 12
2006.09	10	80,000,000	800,000,000	47,900,397	479,003,970	Capital increase by earnings 71,919,000	None	Note 13
2006.10	36	80,000,000	800,000,000	55,900,397	559,003,970	Capital increase by cash 80,000,000	None	Note 14
2007.07	10	100,000,000	1,000,000,000	68,819,597	688,195,970	Capital increase by earnings 129,192,000	None	Note 15
2008.08	10	100,000,000	1,000,000,000	75,242,797	752,427,970	Capital increase by earnings 64,232,000	None	Note 16

Year & Month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of share capital	Capital increase by assets other than cash	Others
2010.03	10	100,000,000	1,000,000,000	75,702,797	757,027,970	Exercise of employee stock options 4,600,000	None	Note 17
2010.06	10	100,000,000	1,000,000,000	75,721,797	757,217,970	Exercise of employee stock options 190,000	None	Note 18
2010.08	10	150,000,000	1,500,000,000	88,251,273	882,512,730	Capital increase by earnings and capital surplus 125,294,760	None	Note 19
2010.08	10	150,000,000	1,500,000,000	88,303,273	883,032,730	Exercise of employee stock options 520,000	None	Note 20
2011.03	10	150,000,000	1,500,000,000	88,528,273	885,282,730	Exercise of employee stock options 2,250,000	None	Note 21
2011.07	10	150,000,000	1,500,000,000	104,020,721	1,040,207,210	Capital increase by earnings and capital surplus 154,924,480	None	Note 22
2011.08	10	150,000,000	1,500,000,000	104,088,721	1,040,887,210	Exercise of employee stock options 680,000	None	Note 23
2012.03	10	150,000,000	1,500,000,000	104,307,721	1,043,077,210	Exercise of employee stock options 2,190,000	None	Note 24
2012.07	10	150,000,000	1,500,000,000	114,508,494	1,145,084,940	Capital increase by earnings 102,007,730	None	Note 25
2012.12	10	150,000,000	1,500,000,000	114,601,494	1,146,014,940	Exercise of employee stock options 930,000	None	Note 26
2013.05	10	150,000,000	1,500,000,000	115,199,494	1,151,994,940	Exercise of employee stock options 5,980,000	None	Note 27
2013.07	10	150,000,000	1,500,000,000	128,747,434	1,287,474,340	Capital increase by earnings 135,479,400	None	Note 28
2013.11	10	150,000,000	1,500,000,000	129,153,434	1,291,534,340	Exercise of employee stock options 4,060,000	None	Note 29
2014.08	10	150,000,000	1,500,000,000	144,651,847	1,446,518,470	Capital increase by earnings 154,984,130	None	Note 30
2014.10	10	180,000,000	1,800,000,000	159,018,380	1,590,183,800	Receipt of shares in other companies 143,665,330	None	Note 31
2015.08	10	180,000,000	1,800,000,000	166,969,299	1,669,692,990	Capital increase by earnings 79,509,190	None	Note 32
2018.08	10	180,000,000	1,800,000,000	178,657,150	1,786,571,500	Capital increase by earnings 116,878,510	None	Note 33
2019.08	10	250,000,000	2,500,000,000	178,657,150	1,786,571,500	Increase of authorized Capital	-	Note 34
2022.08	10	250,000,000	2,500,000,000	182,657,150	1,826,571,500	New restricted employee shares 40,000,000	None	Note 35
2022.10	10	250,000,000	2,500,000,000	212,657,150	2,126,571,500	Capital increase by private placement of shares 300,000,000	None	Note 36
2024.12	10	500,000,000	5,000,000,000	212,597,150	2,125,971,500	Cancellation of new restricted employee shares 600,000	None	Note 37

Note 1: Approval Document No.: Provincial Government Construction Department, April 22, 1999, No. 1155910.

Note 2: Approval Document No.: Ministry of Economic Affairs, September 28, 2000, No. 89500456

Note 3: Approval Document No.: Ministry of Economic Affairs, May 23, 2001, No. 09001173990.

Note 4: Approval Document No.: Ministry of Economic Affairs, December 31, 2001, No. 09001507840.

Note 5: Approval Document No.: Securities and Futures Commission (Ministry of Finance), April 16, 2002, No. 115410.

Note 6: Approval Document No.: Securities and Futures Commission (Ministry of Finance), October 7, 2002, No.



0910154417.

Note 7: Approval Document No.: Securities and Futures Commission (Ministry of Finance), August 12, 2003, No. 0920136452.

Note 8: Approval Document No.: Securities and Futures Commission (Ministry of Finance), June 18, 2004, No. 0930127303.

Note 9: Approval Document No.: Ministry of Economic Affairs, April 19, 2005, No. 09431987220.

Note 10: Approval Document No.: Ministry of Economic Affairs, July 20, 2005, No. 09432470660.

Note 11: Approval Document No.: Financial Supervisory Commission, Executive Yuan, June 16, 2005, No. 0940124270.

Note 12: Approval Document No.: Ministry of Economic Affairs, September 15, 2005, No. 09432832700.

Note 13: Approval Document No.: Financial Supervisory Commission, Executive Yuan, August 3, 2006, No. 0950134249.

Note 14: Approval Document No.: Financial Supervisory Commission, Executive Yuan, August 10, 2006, No. 0950134267.

Note 15: Approval Document No.: Financial Supervisory Commission, Executive Yuan, July 2, 2007, No. 0960033352.

Note 16: Approval Document No.: Financial Supervisory Commission, Executive Yuan, July 2, 2008, No. 0970033084.

Note 17: Approval Document No.: Ministry of Economic Affairs, April 16, 2010, No. 09901074880.

Note 18: Approval Document No.: Ministry of Economic Affairs, July 8, 2010, No. 09901143700.

Note 19: Approval Document No.: Ministry of Economic Affairs, August 24, 2010, No. 09901190360.

Note 20: Approval Document No.: Ministry of Economic Affairs, September 16, 2010, No. 09901211530.

Note 21: Approval Document No.: Ministry of Economic Affairs, April 12, 2011, No. 10001070460.

Note 22: Approval Document No.: Ministry of Economic Affairs, August 15, 2011, No. 10001187370.

Note 23: Approval Document No.: Ministry of Economic Affairs, September 19, 2011, No. 10001216000.

Note 24: Approval Document No.: Ministry of Economic Affairs, April 9, 2012, No. 10101059940.

Note 25: Approval Document No.: Ministry of Economic Affairs, August 23, 2012, No. 10101175740.

Note 26: Approval Document No.: Ministry of Economic Affairs, January 4, 2013, No. 10101261310.

Note 27: Approval Document No.: Ministry of Economic Affairs, May 24, 2013, No. 10201097630.

Note 28: Approval Document No.: Ministry of Economic Affairs, August 9, 2013, No. 10201164280.

Note 29: Approval Document No.: Ministry of Economic Affairs, November 28, 2013, No. 10201242460.

Note 30: Approval Document No.: Ministry of Economic Affairs, August 22, 2014, No. 10301175810.

Note 31: Approval Document No.: Ministry of Economic Affairs, October 30, 2014, No. 10301226010.

Note 32: Approval Document No.: Ministry of Economic Affairs, August 26, 2015, No. 10401178640.

Note 33: Approval Document No.: Ministry of Economic Affairs, August 24, 2018, No. 10701106050.

Note 34: Approval Document No.: Ministry of Economic Affairs, August 2, 2019, No. 10801088280.

Note 35: Approval Document No.: Ministry of Economic Affairs, August 8, 2022, No. 11101151850.

Note 36: Approval Document No.: Ministry of Economic Affairs, October 25, 2022, No. 11101202940.

Note 37: Approval Document No.: Ministry of Economic Affairs, December 4, 2024, No. 11330211320.

April 13, 2025; Unit: Shares

Share type	Authorized capital			Remarks
	Outstanding shares	Unissued shares	Total	
Registered common shares	182,597,150 (listed stocks)	287,402,850	500,000,000	(Note)
	30,000,000 (Private placement of stocks)			

Note: Share capital was approved to include 10,000,000 shares for issuance of corporate bonds with warrants, preferred shares with warrants, and shares converted from stock warrants.

Information on shelf registration for the issuance of securities: Not applicable.

- (2) List of major shareholders: All shareholders with a 5% or greater stake will be listed. If there are fewer than 10 shareholders, disclose the names of the top 10 shareholders, the number of shares, and the stake held by each shareholder on the list.

April 13, 2025

Number of Shares Name of Major Shareholder	Number of shares held (shares)	Shareholding (%)
WT Microelectronics Co., Ltd.	31,000,000	14.58
WPG Investment Co., Ltd.	5,849,000	2.75
Zong Xin Investment Co., Ltd.	5,800,000	2.73
Golden Tree Technology Co., Ltd.	4,400,000	2.07
CHOU, WEI LIN (Note)	4,050,000	1.91
Tiger Venture Capital Ltd.	2,644,000	1.24
Standard Chartered Bank's business department is entrusted with the custody of the series of funds from Vanguard Star Funds, including the investment account for Vanguard Total International Stock Index Fund.	2,540,000	1.19
Yuanta Commercial Bank is entrusted with custody of the restricted stock trust account of Nichidenbo Corporation employees, which has voting rights and dividend distribution rights.	2,244,000	1.06
LEE, KUN CHAN	2,190,532	1.03
Standard Chartered Bank's Operations Department is entrusted with the custody of the Vanguard Group's Manager's Vanguard Emerging Markets Stock Index Fund investment account.	1,809,460	0.85

Source: Taiwan Depository & Clearing Corporation (TDCC), based on the shareholding information on the last book closure date on April 13, 2025.

Note: Including 1,500,000 shares in trust accounts with financial institutions where CHOU, WEI LIN retains decision-making rights.

### (3) The corporation's dividend policy and implementation

#### (i) Dividend Policy of Articles of Incorporation

Article 21: If the Company has annual profit, it shall be utilized to pay taxes and offset prior-year losses, and 10% shall be allocated to the legal reserve thereafter, unless the amount of legal reserve has reached that of the Company's paid-in capital. In addition, appropriation or reversal of special reserve shall be made depending on the Company's operational needs and statutory requirements. The balance (hereinafter referred to as "distributable earnings of the year") shall be combined with the unappropriated retained earnings at the beginning of the same period, and the board of directors shall propose an earnings distribution plan with dividends of no less than 50% of distributable earnings of the current year for resolution at the Shareholders' Meeting.

The Company is authorized under Article 240 of the Company Act to allow the Board of Directors to resolve with the attendance of more than two-thirds of the directors and a majority vote of the attending directors to distribute dividends and bonuses or all or part of the legal reserve and capital surplus as stipulated in Article 241 of the Company Act in cash and report to the Shareholders' Meeting, without applying the requirement for a resolution by the Shareholders' Meeting as stated in

the preceding paragraph.

Article 21-1: Considering the environment and the growth stage of the Company, the Company shall distribute dividends according to Article 21 of the Company's Articles of Incorporation, given the future capital requirements and long-term financial planning. Besides, annual cash dividends shall not be less than 30% of the total dividends to shareholders.

(ii) Dividend distribution reported in a Shareholders' Meeting

The Company distributed cash dividends of \$892,908 thousand to shareholders in a board resolution on March 13, 2025, and will be submitted to the Shareholders' Meeting on June 11, 2025 for recognition.

(4) The impact of stock dividend issuance of the Company's business performance and earnings per share: Not applicable. No stock dividend issuance was proposed in the current Shareholders' Meeting.

(5) Employees and director remunerations

(i) Percentage or scope of bonuses to employees and directors as outlined in the Articles of Incorporation

Article 20: If the Company makes a profit in a year, it shall set aside not less than 5% as employee remuneration and not more than 3% as director remuneration. However, the profit should be reserved to offset the deficit if the Company has accumulated deficits. The recipients of the preceding employee remuneration, in the form of stock or cash, may include employees of the affiliates who meet certain criteria.

(ii) Basis for estimating the amount of employee remuneration and director remuneration, calculating the number of shares to be distributed as employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure for the current period.

(a) Basis for estimating the amount of employee remuneration and director remuneration for the current period

No less than 5% and no more than 3% of the profits of the Company are appropriated as employee remuneration and director remuneration, respectively.

(b) Basis for calculating the number of shares to be distributed as employee remuneration

Calculation basis for stock-based employee compensation based on the closing price one day prior to the board resolution date.

(c) Accounting treatment for any discrepancy between the actual amount distributed and the estimated figures

Changes in accounting estimates are accounted for in the following year.

(iii) Remuneration distribution approved by the Board of Directors

(a) On March 13, 2025, the Company's Board approved the distribution of employee remuneration of NT \$78,266 thousand and director remuneration of NT \$16,771 thousand, both paid in cash.

If there is any discrepancy between that amount and the estimated figure for the year these expenses are recognized, the discrepancy, reasons, and handling methods shall be disclosed: no discrepancy.

(b) The amount of stock-based employee compensation and its proportion to the total net income after tax in the individual financial report and total employee

remuneration of the total for the current period: Not applicable as no employee remuneration is distributed in stocks.

- (iv) The actual distribution of the remuneration of employees, directors, and Supervisors in the previous year (including the number of shares distributed, the amount, and the share price), and if it is different from the remuneration of recognized employees, director and supervisors, the amount of the difference, the reason for the difference and the treatment of the difference should be stated. On March 13, 2024, the Board resolved to distribute employee compensation and director compensation for 2023 of NT \$60,583 thousand and NT \$12,982 thousand, respectively. As of the date of publication of the annual report, the actual distribution of employee remuneration and director remuneration amounted to NT \$60,583 thousand and NT \$12,982 thousand, respectively, with no discrepancies in the actual distribution.

- (vi) The Company's repurchase of shares: None.

**2. Corporate bonds: None.**

**3. Preferred shares: None.**

**4. Global depository receipts: None.**

**5. Employee stock options: None.**

**6. Issuance of new restricted employee shares:**

- (1) New restricted employee shares for which the vesting conditions have not yet been met for the full number of shares, and the status and impacts on shareholders' equity

April 13, 2025

Type of new restricted employee shares	The first issuance of new restricted employee shares in 2022	The first issuance of new restricted employee shares in 2023
Effective registration date and total number of shares	July 12, 2022 4,000,000 shares	October 11, 2023 4,000,000 shares
Issuance date	July 22, 2022	Not yet issued
Number of new restricted employee shares issued	4,000,000 shares	0 share
Number of new restricted employee shares that qualifies for issuance	0 share	4,000,000 shares
Issue price	The shares are issued at a price of NT\$21.93 per share.	50% of the closing price of common shares on the issue date determined by the Chairperson as authorized by the Board of Directors.
The ratio of the number of new restricted employee shares issued to the total number of issued shares	2.24% (Note 1)	0%
Vesting conditions of employee restricted shares	The following criteria for the Company's overall performance and individual employee's performance shall all be met.	(1) After employees subscribe to restricted employee shares (i.e., the capital increase base date), if they

Type of new restricted employee shares	The first issuance of new restricted employee shares in 2022	The first issuance of new restricted employee shares in 2023
	<p>(1) The Company's overall performance: The following earnings per share (EPS) requirements must be met.</p> <ol style="list-style-type: none"> <li>1 、 Before the expiration of the vesting period, the average earnings per share (EPS) for the latest three years should be higher than the average EPS of the peer companies for the same three years.</li> <li>2 、 The aforementioned peers refer to Honey Hope Honesty, PODAK, Howteh, Zenitron, and WPG.</li> <li>3 、 The aforementioned earning per share refers to the basic earnings per share disclosed in the consolidated statement of comprehensive income of the consolidated financial statements audited by CPAs.</li> </ol> <p>(2) Individual employee's performance</p> <ol style="list-style-type: none"> <li>1 、 After subscribing to restricted employee shares, remaining employed for two whole years with performance evaluations for both years reaching 81 points or above, and having no violations of laws, company employment contracts, confidentiality and non-compete agreements, company work rules, or other relevant regulations and agreements, 40% of shares vest.</li> <li>2 、 After subscribing for new restricted employee shares, if an employee has been employed for three years with performance scores of 81 or higher in the third year and has not violated any laws, the Company's employment contracts, confidentiality, and non-competition agreements, the Company's work rules, or other relevant regulations and agreements in the third year, 30% of the shares become vested.</li> <li>3 、 After subscribing for new restricted employee shares, if an employee has been employed for four years with performance scores of 81 or higher in the fourth year and has not violated any laws, the Company's employment contracts, confidentiality, and non-competition</li> </ol>	<p>remain employed upon reaching the following time frames, the proportion of shares that can meet the vesting conditions is as follows:</p> <ol style="list-style-type: none"> <li>1. After 2 years: 40% of the subscribed shares may be vested.</li> <li>2. After 3 years: 30% of the subscribed shares may be vested.</li> <li>3. After 4 years: 30% of the subscribed shares may be vested.</li> </ol> <p>(2) After subscribing to restricted employee shares, in the event of major negligence, such as violations of labor contracts, work rules, or company regulations, the Company has the right to repurchase shares at the original issue price and cancel the restricted employee shares that have been subscribed but have not yet met the vesting conditions.</p>

Type of new restricted employee shares	The first issuance of new restricted employee shares in 2022	The first issuance of new restricted employee shares in 2023
	agreements, the Company's work rules, or other relevant regulations and agreements in the fourth year, 30% of the shares become vested.	
Restrictions on rights in the new restricted employee shares	<p>(1) Depositing subscribed new restricted employee shares in the custody of a trustee, an employee shall not sell, pledge, transfer, donate, encumber or use other manners to dispose of the shares, except inheritance, before the vesting condition is reached.</p> <p>(2) Shareholders' Meeting voting rights and election rights: It shall be executed by the trust custodian institution in accordance with relevant laws and regulations.</p> <p>(3) Holders of new restricted employee shares that do not reach the vesting condition are still entitled to receive stock dividends and cash dividends as holders of the Company's issued common shares. However, they shall not have the right to subscribe or share by follow-on offering.</p>	<p>(1) Depositing subscribed new restricted employee shares in the custody of a trustee, an employee shall not sell, pledge, transfer, donate, encumber or use other manners to dispose of the shares, except inheritance, before the vesting condition is reached.</p> <p>(2) Shareholders' Meeting voting rights and election rights: It shall be executed by the trust custodian institution in accordance with relevant laws and regulations.</p> <p>(3) Holders of new restricted employee shares that do not reach the vesting condition are still entitled to receive stock dividends and cash dividends as holders of the Company's issued common shares. However, they shall not have the right to subscribe or share through a follow-on offering.</p>
New restricted employee shares Custody situation	The shares are in the custody of the trustees	The shares are in the custody of the trustees
Handling of employees who have not met the vested conditions after being allocated or subscribed for new shares	The Company will reclaim the granted shares and cancel them at the initial price; however, the employees are not required to return or pay back the stock and cash dividends generated from the shares.	The Company will reclaim the granted shares and cancel them at the initial price; however, the employees are not required to return or pay back the stock and cash dividends generated from the shares.
Number of new restricted employee shares that have been retired or repurchased	60,000 shares	0 share
Number of new restricted shares that have vested	1,696,000 shares	0 share
Number of unvested new restricted shares	2,244,000 shares	0 share
The ratio of the number of unvested new restricted shares to the total	1.06% (Note 2)	0%

Type of new restricted employee shares	The first issuance of new restricted employee shares in 2022	The first issuance of new restricted employee shares in 2023
number of issued shares		
	<p>(1) Based on the calculation of the total issuance amount and issuance conditions in the issuance method, the estimate is temporarily based on the closing price of NT \$44.70 of the Company on July 4, 2022. It is estimated that the expensed amounts in 2022 ~ and 2026 are approximately NT \$13,969 thousand, NT \$33,525 thousand, NT \$26,075 thousand, NT \$11,920 thousand, and NT \$3,911 thousand, respectively.</p> <p>(2) Based on the issued and outstanding shares of 178,657,150 shares at the time of issuance, it is estimated that the possible amount of expenses to be expensed in 2022 ~ 2026 will dilute the earnings per share of approximately NT\$0.08, NT\$0.19, NT\$0.15, NT\$0.07 and NT\$0.02, respectively.</p> <p>(3) Based on the overall assessment, the impact on the dilution of the Company's earnings per share in future years is limited, and the impact on shareholders' equity is not material.</p>	<p>(1) Possible expenses: The Company shall measure the fair value of the shares on the grant date (the issue date) and recognize the relevant expenses over the vesting period. The maximum number of restricted employee shares proposed to be issued by resolution at the 2023 Annual Shareholders' Meeting is 4,000,000 shares, issued with consideration at an issue price of 50% of the closing price of common shares on the issue date as determined by the Chairman authorized by the Board of Directors. The estimated potential expense amount is approximately NT \$112,640 thousand (estimated based on the closing price of the ordinary shares of the Company on April 25, 2023, of NT \$56.30). Based on the vesting conditions, the estimated expense amounts for 2023-2027 are approximately NT \$21,120 thousand, NT \$42,240 thousand, NT \$30,976 thousand, NT \$14,080 thousand, and NT \$4,224 thousand, respectively.</p> <p>(2) The dilution of the Company's earnings per share and the impact of other effects on shareholders' rights and interests: Based on the Company's current total issued shares of 212,657,150, the total number of shares that can be subscribed through this planned issuance of restricted employee shares is 4,000,000, accounting for approximately 1.88% of the total issued shares. The estimated impact on earnings per share dilution for 2023-2027 is approximately NT\$0.10, NT\$0.20, NT\$0.15, NT\$0.07, and NT\$0.02, respectively. The dilution effect on the Company's earnings per share is</p>

Type of new restricted employee shares	The first issuance of new restricted employee shares in 2022	The first issuance of new restricted employee shares in 2023
		limited; therefore, there is no significant impact on shareholders' equity.

Note 1: The percentage is calculated based on the total of 178,657,150 issued shares registered at the Ministry of Economic Affairs on August 24, 2018.

Note 2: The percentage is calculated based on the total of 212,597,150 issued shares registered at the Ministry of Economic Affairs on December 4, 2024.



(2) Names and vesting status of managers who have been granted new restricted employee shares and of employees who rank among the top ten in the number of new restricted employee shares granted as of the date of publication of the annual report

April 13, 2025; Unit: Shares; NTs

	Title	Name	Number of new restricted employee shares granted	The ratio of the number of new restricted employee shares granted to the total number of issued shares	Vested Restricted Shares				Unvested Restricted Shares			
					Number of vested shares	Issue price	Total purchase price	The ratio of the number of vested restricted shares to the total number of issued shares	Number of unvested shares	Issue price	Total purchase price	The ratio of the number of unvested restricted shares to the total number of issued shares
Managerial Officers	Chief Executive Officer	CHOU, WEI LIN	3,080,000	1.45%	1,232,000	21.93	27,017,760	0.58%	1,848,000	21.93	40,526,640	0.87%
	Head of Strategic Investment Committee	HUANG, JEN HU										
	Chief Operating Officer	LEE, KUN CHAN										
	General Manager	YU, YAO KUO										
	Senior Vice President	HUNG, CHIN HAN										
	Special Assistant, Chairperson	LIAO, LI SHU										
	Vice President	HOU, CHIN HWA										
	Vice President	LAI, NAN CHUN										
	Assistant Vice President	YANG, WEN CHI										
	Assistant Vice President	HSU, CHI PING										
	Assistant Vice President	LEE, PO YI										
Employees	Vice President	YU, ○ CHIANG	920,000 (Note 3)	0.43%	464,000	21.93	10,175,520	0.22%	396,000	21.93	8,684,280	0.19%
	Vice President	JIAN, ○ YI										
	Senior Assistant Vice President	SUN, ○ KE										
	Senior Assistant Vice President	CHEN, ○ GUANG										
	Senior Assistant Vice President	YANG, ○ CONG										

Senior Assistant Vice President	CHOU,○ TING											
Assistant Vice President	SU,○ CANG											
Senior Assistant Vice President	YANG,○ HUI											

Note 1: The total number of issued shares refers to the number of shares listed in the change registration information of the Ministry of Economic Affairs.

Note 2: The first employee-restricted stock in 2023 was declared effective on October 11, 2023, but has not yet been issued.

Note 3: Totaling 60,000 shares, employee retirement shares not yet vested were to be handled in accordance with the issuance regulations.

**7. Issuance of new shares in connection with mergers or acquisitions: None.**

**8. Implementation of capital allocation plans: None.**

## IV. Overview of Operations

### 1. Description of businesses

#### (1) Scope of businesses

##### (i) Main contents

- (a) CC01030 Electrical Appliances and Audiovisual Electronic Products Manufacturing.
- (b) CC01040 Lighting Equipment Manufacturing.
- (c) CC01070 Wireless Communication Mechanical Equipment Manufacturing.
- (d) CC01080 Electronics Components Manufacturing.
- (e) CC01110 Computer and peripheral equipment manufacturing.
- (f) CC01990 Other Electrical Machinery and Electronic Equipment Manufacturing.
- (g) CZ99990 Unclassified Other Industrial Products Manufacturing.
- (h) F106010 Hardware Wholesale Business.
- (i) F113020 Electrical Appliances Wholesale Business.
- (j) F113070 Telecommunications Equipment Wholesale.
- (k) F119010 Electronic Materials Wholesale Business.
- (l) F213060 Telecommunication Equipment Retail Business.
- (m) F219010 Electronic Materials Retail Business.
- (n) F401010 International Trading.
- (o) I301010 Information Software Services.
- (p) ZZ99999 may engage in any business not prohibited or restricted by law, except for those subject to special approval.

##### (ii) Business proportions

Unit: NT\$ thousand

Main products	2024	
	Amount	As a percentage of operating revenue (%)
MLCC	5,751,735	47.37
Solid Capacitor	2,559,565	21.08
Electrolytic Capacitor	1,240,784	10.22
Semiconductor	1,127,499	9.29
LED	540,835	4.45
Others	920,678	7.59
Total	12,141,096	100.00

##### (iii) Current products (services)

- (a) Nichidenbo, Nichidenbo (Shenzhen), and Nichidenbo Suzhou mainly distribute electronic components of NIPPON CHEMI-CON, Panasonic, and Sumida.
- (b) VIC-DAWN mainly sells its own brand, the KTS battery series, and acts as an agent for electronic components of AIC tech and ALPSALPINE.
- (c) Lipers, Scope, and Advance mainly represent electronic components of SAMSUNG, KEMET, KYOCERA AVX, TDK, EVERLIGHT, Rubycon, GENESYS, and their brand UWA.
- (d) TONSAM serves as the agent for electronic components of Nisshinbo Micro Devices, AsahiKASEI MICRODEVICES Corporation.
- (e) KOHO (Taiwan) serves as the agent mainly for the full series of electronic components of Panasonic.

(iv) New products (services) to be developed

In addition to expanding the sales of various components in the original various markets, the Company is committed to not only broadening its presence in new markets and introducing new products but also actively deepening its foothold in both domestic and overseas markets (such as Vietnam, Thailand, India, etc.). This strategic approach aims to increase opportunities for Company products and enhance competitiveness.

(2) Industry overview

(i) Industry's current condition and development

Passive components are indispensable electronic components widely used in products such as PCs, mobile phones, tablet computers, servers, network communication, household equipment and automobiles. Among these components, MLCCs are favored for their physical characteristics including high voltage resistance, high heat resistance, wide operating temperature range, and low loss rate when used in high-frequency applications. Their chip-oriented nature also contributes to smaller size, lower price, and higher stability, making them suitable for mass production.

In the first half of 2024, the overall market inventory level of the passive components industry experienced destocking and the effects of continued downward revisions in the PC, NB, and automotive markets, stabilizing the demand and prices of MLCCs, chip resistors, and the overall market. In the second half of 2024, aside from the increased demand for AI servers, the demand for other industries declined. Faced with these market changes, end customers adjusted their inventories, leading passive component manufacturers to adjust capacity utilization rates in response to decreased order visibility. The overall market continued inventory corrections and improved inventory turnover rates, while various major manufacturers' capacity adjustments have shown effects, with supply-side inventory moving toward healthy levels. However, as supply and demand gradually stabilized, prices of high-specification products remained relatively stable, and demand for mid-to-low-specification products showed signs of gradual recovery.

On the other hand, electronic component manufacturers face fierce competition in supplying AI servers. Japanese and Korean component manufacturers, who already hold a market share advantage in server products, aim to maintain their lead over competitors in China and Taiwan through MLCC miniaturization and high-capacity technology. As a result, the demand for MLCC in the mobile phone market and consumer product market in mainland China has become the main battlefield for Taiwanese and Chinese manufacturers. The Taiwanese passive components industry has also discovered new business opportunities by strengthening the development of emerging applications such as AI servers and WIFI 7.

Overall, in 2024, passive component demand grew thanks to the increasing demand for applications such as AI servers. The increase in MLCC demand for AI servers was particularly significant. Demand for high-end polymer capacitors also continued to grow.

In 2025, the focus will be on AI servers, automotive, telecommunications equipment, networking devices, low-orbit satellites, WIFI 7, and other related applications. To respond to high computing and high-performance products, high-end product specifications such as vehicle specifications, high frequency, high capacity, high pressure, and high temperature will be adopted. High-unit-

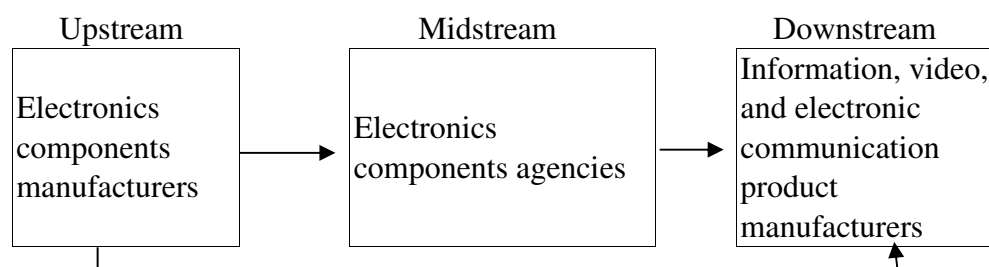
price products will drive the increase in ASP average transaction price.

Looking forward to 2025, as the demand for passive components gradually recovers, market inventory has returned to healthy levels. Benefiting from the application of new high-end specification products such as AI servers and network communication, as well as the gradual normalization of mobile phone supply and demand, and the business opportunities arising from the replacement of devices due to AI PCs and Microsoft's discontinuation of support for Windows 10, the global production value of passive components is expected to grow in 2025.

(ii) Correlation among upstream, midstream, and downstream of the industry

Professional distributors of electronic components play the role of a bridge between upstream electronic component manufacturers and downstream finished product manufacturers in the electronic information industry's production and sales division structure, and they maintain the relationship of integration and common growth. A complete marketing communication network can be constructed for upstream manufacturers to save marketing costs. For downstream manufacturers, they can quickly provide the components they need to reduce the cost of self-stocking and design and operational risks. The midstream distributors can integrate the demands of the downstream companies and purchase from the upstream manufacturers collectively to get better pricing. In addition, they can sell products to downstream companies through their systematic inventory management and diversified distribution brands. With such a professional division of labor, the electronics industry's operational efficiency and industrial competitiveness can be effectively enhanced.

The upstream, midstream, and downstream relationships of the industry are shown below:



(iii) Various development trends of products

Passive components are indispensable electronic components widely used in PCs, mobile phones, home appliances, servers, network communication equipment, automobiles, and other products. With the growth of the electric vehicle market and the booming development of AI-related technologies and applications, electric vehicles and AI products have become the two main driving forces for the growth of MLCC demand. In recent years, electric vehicles have become more accessible due to their affordable pricing, modular designs, and advancements in autonomous driving technology. Major manufacturers have gradually expanded their high-end products, such as automotive and industrial specifications, and continue developing and designing to meet market demand. The supply side will be adjusted, and more production capacity will be invested in response. In addition, the demand for network communication equipment and servers has increased significantly, increasing demand for high-end Passive components. Overall, the rapid development of AI technology in various industries has resulted in an increase in market demand. The forward-looking

passive components are extremely high, and the future demand for products is expected to show a growth trend.

(iv) Product competition

The Company is a professional sales and agency of electronic components, mainly selling and agency products such as capacitors, passive components, resistors, inductors, and protective parts. Among listed companies, Holy Stone, Honey Hope Honesty, and PODAK have the most similar product portfolios to our company. Manufacturers with similar product sales include Taiwan Chinsan Electronic, Lelon, and Jamicon. The business items of our company and competitors are listed and analyzed as follows:

Main competitors	Business	Products
Nichidenbo	Electronics components	Passive components, Aluminum electrolytic capacitors, solid capacitors, MLCC, Inductor, etc.
Holy Stone	Electronics components	Passive components, active components, system modules, etc.
Honey Hope Honesty	Electronics components	MLCC and inductor, etc.
PODAK	Electronics components	Passive components, active components, etc.
Taiwan Chinsan Electronic	Electronics components	Aluminum electrolytic capacitors
Lelon	Electronics components	Aluminum electrolytic capacitors, aluminum foil, electronic materials, etc.
Jamicon	Electronics components	Aluminum electrolytic capacitors, filters, fans for DC motors, etc.

Data source: Annual reports of each entity on the Market Observation Post System.

(3) Technology and R&D Overview:

As a professional electronic component distributor, our company primarily engages in agency and trading business and does not conduct R&D activities.

(4) Long-term and short-term business development plans

(i) Short-term plan

(a) Sales aspect

- ① To strengthen the management characteristics and become the most distinctive electronic parts agent.
- ② Employ experienced market development talents  
Strengthen the market development unit, fully grasp the market pulse, and assist the marketing unit in promoting products to provide customers with more complete services.
- ③ Well-trained business ambassadors and a professional management team  
The Company has been established for over 30 years, and our senior executives are all professionals from the passive components industry. The Company continues to strengthen professional business knowledge, providing absolute advantages in current product promotion and future acquisition of new product agency rights.
- ④ Products covering various electronic industries  
Our products have expanded into 3C electronics, industrial, automotive, medical electronics, and other industries. We will continue increasing our

- market share through a sales network, gaining access to more customers.
- (b) Operation aspect
    - ① To enhance employee training  
Employees are the main lifeblood of the Company. Therefore, the Company cultivates employees' skills and their recognition to the Company in order to achieve sustainable management.
    - ② To strengthen the computer operating system  
The Company shall enhance the information operation system, strengthen the integration of all units, and improve the overall corporate competitiveness.
  - (c) Product strategy aspect  
The Corporation and its subsidiaries are currently the agents of electronic components of NIPPON CHEMI-CON, Panasonic, AIC tech, KEMET, KYOCERA, AVX, SAMSUNG, and EVERLIGHT, and they will use their market development experience to acquire more agency rights for other products.
  - (d) Financial strategy aspect  
The Company's highest principle is to maintain sound financial operations. Therefore, it has maintained good relationships with banks in order to respond to the needs arising from the increase in operation scale in the future.
- (ii) Long-term plan
- (a) Sales aspect
    - ① The Company shall build a marketing network in Asia-Pacific by extending our marketing experience in Taiwan.
    - ② The Company shall develop a good mutual understanding with main customers and become their main electronic component supplier.
  - (b) Operation aspect
    - ① The Company shall integrate the resources of investee companies and make overall planning to make the organizational operation more efficient.
    - ② Nichidenbo's long-term plan is to be globalized and become an internationally renowned corporation.
  - (c) Product strategy aspect
    - ① The Company shall continue introducing important components to enhance the integrity of agent products.
    - ② The Company shall adjust its agent product mix to match the development trend of the product line, thereby increasing operating income.
  - (d) Financial strategy aspect  
The Company shall maintain its profitability at a certain level and share the profits with all investors.

## **2. Overview of market, production and sales**

### **(1) Market analysis**

- (i) Sales regions of main products:
  - (a) The Company's main products are capacitors (MLCC, electrolytic capacitors, solid capacitors, film capacitors, etc.), semiconductors, LEDs, etc.
  - (b) The Company's products are mainly sold in mainland China, Asia Pacific, and India, with local operating locations established to serve customers nearby.
- (ii) Market share:  
Based on the management philosophy of "Integrity is the foundation; service is

the principle; growth is the goal; and co-prosperity is the essence," the Company is proactively expanding the content of its agent products; furthermore, it is strengthening its overseas sales points to increase its market share in line with the future market development trend.

(iii) Future market supply and demand and growth

Passive components are indispensable components widely used in all electronic products, such as PCs, power supplies, mobile phones, tablet computers, servers, network communication equipment, automobiles, etc. Our company's product application range covers all types of electronic products. The main sales market distribution for 2024 is as follows:

Market type	Operating revenue	Percentage of operating revenue (%)	Description of market type
PC	3,139,567	25.86	IT-related industries include industrial computers (IPC), servers, motherboards, laptops, graphics cards, and webcams.
SPS	2,216,078	18.25	Industries related to power supply, uninterruptible power supply, inverters, and solar energy.
EMS	2,179,710	17.95	Professional OEM/ODM with a diverse range of outsourced products.
Communications	1,338,975	11.03	All communications-related industries, including cell phones, networks, and cloud devices.
Consumer market	378,093	3.11	TV, game console, healthcare, signage, appliance, and other related industries.
Others	2,888,673	23.80	Automotive electronics, industrial control equipment, IOT, etc.
Total	12,141,096	100.00	

(a) From the perspective of demand, it is expected that the demand for passive components will continue to grow in 2025 due to the following factors:

With the continuous growth of automotive electronics, artificial intelligence technology, the high-end server industry, energy storage equipment, solar power generation, 5G communication, and other important trends, it is foreseeable that AI servers, automatic applications, global information networks, communication products, and consumer electronics products will also grow steadily in the future, especially related products of AI server applications will flourish. Moreover, the high economic growth in emerging Southeast Asian countries has significantly increased the demand for related products. The development of the abovementioned industries will drive market demand and bring about new business opportunities and challenges. In recent years, emerging industries such as automotive electronics, energy-saving, AI servers, and WIFI 7 applications have rapidly risen, providing the market with diverse product choices and development opportunities. The growth of these new industries has not only increased the demand for products themselves but has driven the development of related industries and technologies, providing a driving force for future product innovation and market development.

(b) From the supply side, as market demands have evolved in recent years, product development has gradually moved toward high-performance, high-computing applications. Demand for high-specification products has steadily



increased, and the widespread adoption of AI servers across various industries has expanded requirements for related components. Passive component demands have correspondingly increased, with AI server-related needs playing a major role in growth momentum. The quantity of passive components used has risen substantially, driving demand for high-end MLCCs, polymer tantalum capacitors, and overall market volume. This has encouraged MLCC development toward higher capacitance and further prompted leading manufacturers to expand production facilities, ensuring stable supply conditions.

(iv) Competitive niche, advantageous and disadvantageous factors for future development and countermeasure

(a) Competitive niche

① Internationally renowned companies supply the agent products; the products are reliable and complete, and the quality is trustworthy.

The products distributed by the Company and its subsidiaries come from internationally renowned manufacturers such as NIPPON CHEMI-CON, Panasonic, AIC tech, KEMET, KYOCERA AVX, and SAMSUNG. These internationally renowned manufacturers excel in product quality and technical expertise due to their professional technology and core components, which sets them apart from domestic manufacturers. Therefore, although the prices of components produced by these internationally renowned manufacturers are relatively high, their market demand is still quite stable, which guarantees the market demand for the Company's products. Furthermore, since these internationally renowned companies possess not only professional technology but also the ability to research and develop to meet market trends, they are able to launch new products with competitive advantages in the market. Under the long-term and stable relationship between the Company and these major international companies, the Company is always able to obtain agency rights for new products, which also makes the Company more competitive in the market. The Company has been engaged in the distribution and sales of electronic components for more than 30 years and exhibits keen insight into market changes. Its primary focus is on capacitors in the passive components market. Since the Company has devoted itself to the capacitor market for many years, it has a precise grasp of the channels. Further, the Company cooperates well with the major suppliers, providing its customers with products of complete specifications and reliable quality.

② Complete Marketing Channel Network

Marketing channels serve as one of the important factors for the survival of professional distributors. The Company has engaged in distribution and trading for more than 30 years, has established a wide range of marketing channels and awareness, and expects to provide customers with complete solutions and perfect real-time services to reduce downstream manufacturers' inventory pressure to establish a good relationship with customers. In addition, the Company can promptly provide services and support for the latest products and technologies, further deepening its long-term partnership with customers. In addition to setting up a sales office in Taiwan, we have also established subsidiaries overseas, overseeing the development of the Hong Kong and China markets. Taking into account the increasing demand and importance of the European and Asian markets,

we have also moved southbound to proactively expand our product sales through our sales personnel in various parts of Asia. By doing so, we are able to keep abreast of customer development trends and provide timely services. In response to the component needs of the customers who set up factories overseas and to improve the flexibility of inventory management, the Company has set up widespread distribution bases, coupled with a complete sales system, to form strong sales channels, which can effectively enhance the actual competitiveness of both the Company and its customers; furthermore, the expansion of the service market has strengthened the Company's capability to compete with foreign suppliers for the agency rights of new product lines.

③ Complete Logistics Operation System

In recent years, electronic products have been evolving rapidly. Most customers find inventory management of electronic components challenging and must rely on electronic component distributors for assistance, increasing business opportunities for distributors. Our company employs a computerized inventory management system to monitor purchasing and shipping status in real-time, providing immediate feedback on various management information. We handle our inventory and shipping operations in Hong Kong and mainland China through logistics companies. Under our comprehensive information and warehouse management systems, we can confirm orders, sort goods, and deliver services minimally, immediately satisfying customer requirements and enhancing our competitive advantage.

④ A wide range of product applications across various electronic fields makes the impact of the economic cycle of a single industry relatively minor.

As capacitors are fundamental components in various electronic products, the recent demand for upstream passive components has grown significantly due to the robust development of communication equipment, AI technology, cloud equipment, energy-saving products, and automotive electronics. Going forward, capacitor markets will grow alongside these sectors, showing strong growth potential.

The Company's sales and distribution encompass a diverse range of applications markets, including industrial machinery equipment, computer power supply, cloud equipment, communication equipment, power supply, electronic products for use, and LED lighting application markets. As various industries are inevitably affected by international and regional seasonal needs, there is a different business cycle. However, the electronics industry covered by the Company is relatively wide and less affected by the economic cycle of a single industry.

⑤ Professional Management Team

The Company's main management team boasts extensive marketing experience among its middle and high-level executives, many of whom have previously held positions with well-known international electronic component manufacturers. Additionally, these personnel have over 20 years of experience in the marketing field of passive components, possessing rich experience and extensive networks within related industries and product domains. They are able to effectively grasp industry dynamics and market trends, providing clients with timely and professional services. Therefore, the Company's professional management team has an absolute

advantage in promoting existing products and competing for the agency and distribution of new products in the future.

- ⑥The industry, which has a vertical division of labor, makes the value of the distributor more important.

The Company has a complete logistics and inventory management system, which can achieve order confirmation, goods preparation, and timely delivery services in the shortest time. In addition to providing customers with information on new products and new industry development areas to assist customers in planning new products, it also transfers downstream market information to upstream suppliers so that distributors play the role of bridge in the upstream and downstream industries of electronic information. Under the industrial structure of this vertical division of labor, distributors, upstream suppliers, and downstream manufacturers form business partners, making distributors' value more important.

- (b) Advantageous and disadvantageous factors for future development and countermeasure

①Favorable factors

- A. Products distributed by internationally renowned manufacturers are guaranteed

Whether the products distributed by professional distributors have a market competitive advantage is one of the important factors for professional distributors to compete with competitors in the market. The Company and its subsidiaries distribute products from internationally renowned manufacturers such as NIPPON CHEMI-CON, Panasonic, AIC tech, KEMET, KYOCERA, AVX, and SAMSUNG. These internationally renowned manufacturers possess specialized technology and core components, resulting in excellent product quality and higher technical levels, making it difficult for domestic manufacturers to compete. Therefore, although the components produced by these internationally renowned manufacturers are relatively high-priced, their market demand remains quite stable, ensuring the market demand for the Company's products. Furthermore, since these internationally renowned companies possess not only professional technology but also the ability to research and develop to meet market trends, they are able to launch new products with competitive advantages in the market. Under the long-term and stable relationship between the Company and these major international companies, the Company is always able to obtain agency rights for new products, which further enhances the Company's competitiveness in the market.

- B. Extensive marketing channels and comprehensive marketing services that have been cultivated for many years

Marketing channels are one of the important factors for the survival of professional distributors. The Company has been distributing and trading for more than 30 years, having established extensive marketing channels and a strong market reputation. The Company is committed to providing customers with complete solutions and real-time services to alleviate the inventory pressure of downstream manufacturers, thereby establishing good relationships with customers. In addition, the Company can promptly provide services and support for the latest products and technologies, further deepening the Company's long-term

partnership with customers.

- C. Due to the wide range of product applications, the impact of the economic cycle of a single industry is relatively minor.

Since capacitors are the basic component of various electronic products, in recent years, the demand for upstream passive components has increased due to the booming market for communication equipment, AI technology, cloud equipment, and energy-saving products. Looking forward, the capacitor market will grow with the aforementioned markets. The Company's sales and distribution products span industrial machinery equipment, computer power supplies, cloud equipment, communication devices, power sources, automotive electronic products, and LED lighting applications. While different industries inevitably experience varying business cycles due to international and regional seasonal demands, our company covers a broad spectrum of electronic industry sectors, minimizing the impact of any single industry's performance fluctuations.

- D. The industry with a vertical division of labor makes the value of the distributor more important

The distributor has complete logistics and inventory management and can achieve timely order processing, preparation, and delivery services. In addition, the distributor can provide customers with relevant information on new products and new industry development fields to assist customers in planning new products and also pass downstream market information to upstream suppliers so that the distributor plays the role of an intermediate bridge in the upstream and downstream industries of electronic information. Under the industrial structure of this vertical division of labor, the distributor, the upstream suppliers, and the downstream manufacturers form business partners, making the value of the distributor more important. The Company has a well-established value chain to provide customers with a full range of solutions.

- E. The delivery operation system is complete

In recent years, electronic products have evolved rapidly, and most customers find it difficult to manage the inventory of electronic components, thus relying on the assistance of electronic component agents, which drives the growth of business opportunities for agents. Under the complete information and warehouse management system, the Company is able to confirm orders and handle and deliver products in the shortest possible time, thereby enhancing the Company's competitive advantage.

- F. The management team's capabilities are solid

The senior managers at the Company possess over 20 years of experience in the marketing field of passive components. Most of them have been trained by internationally renowned passive components manufacturers and have considerable integration and industry experience in terms of philosophy, values, and aspirations, contributing to the advancement of the Company's business objectives.

② Unfavorable factors and countermeasures

- A. Vendor (customer) relocation

Under the industrial structure of the vertical division of labor, mainland China's low production cost, vast domestic demand market, and growing

industrial infrastructure have led Taiwanese companies to set up factories in Mainland China. Additionally, the global market's intense competition triggered by low-price trends has further driven manufacturers to relocate abroad to reduce production costs. However, in recent years, China has faced multiple economic and geopolitical challenges, gradually transforming from the world's factory to just one part of the global market, with factories and production capacity shifting to other countries.

Countermeasure:

- a. Increase overseas marketing locations and develop talents, collect market information to keep abreast of market trends, actively seek cooperation opportunities with foreign manufacturers, strive for business opportunities, and flexibly adjust sales strategies to meet market demand, thereby improving competitiveness. At the same time, participate in relevant industry alliances established by the domestic Electrical and Electronic Manufacturers' Association and other units to promote technical exchange and make long-term investments in manpower and technology to enhance the capabilities of marketing talent.
- b. The Company shall promote its products and services worldwide through electronic media and the Internet so as to build up the Company's corporate image and enhance its market position. Through the intranet, resources can be shared and reused, information can be transmitted, and communication can be smooth and accessible, thus enhancing overall efficiency and competitiveness.
- c. Accelerate the promotion of computerization upgrades and plan enterprise resources to improve management administration efficiency.

**B. Risk of exchange rate fluctuations**

As the Company expands its overseas sales and purchases, fluctuations in exchange rates will have an impact on the Company's profitability.

Countermeasure:

- a. Collect information on exchange rate changes at all times to fully grasp exchange rate trends.
- b. The Company shall use natural hedges, i.e., the amounts of payables in foreign currencies arising from purchases from major suppliers are paid in the foreign currency of such purchases directly in order to minimize the net foreign currency position.
- c. When making quotations to customers, the Company shall consider the potential impact of exchange rate fluctuations and adopt a more conservative and stable exchange rate as the basis of the quotations to reduce the impact of exchange rate fluctuations on the Company's profitability.
- d. The Company shall sell forward in advance to promptly hedge the risk arising from exchange rate fluctuations.

**(2) Main product applications and production processes**

**(i) Main products and their important usage:**

Segment	Main products	Usage
Capacitor	MLCC, electrolytic capacitors, solid capacitors, film capacitors, etc.	Power supplies, motherboards, XDSL, electronic ballasts, graphics cards, UPS, cloud equipment, industrial machinery equipment, IPC, automotive electronics, ECO green energy, IOT network, AI, 5G communication applications, etc.
Semiconductor	Integrated Circuit (IC)	Data storage devices, products for the telecommunications market and consumer electronics, etc.
LED	lamp, SMD, backlight, digit/dot matrix display, high power, flash, lighting	Electronic toys, electrical products, industrial instruments, notebook computers, set-top boxes, ADSL, cable modems, backlight modules for mobile phones/TVs/monitors/laptops, Flash modules for mobile phones, LED lighting products--LED light bulbs, flat-panel lights, T5/T8 lamps, streetlights, recessed lights, etc.
Others	Battery and resistor, etc.	Motherboards, notebook computers, industrial computers, industrial control equipment, business machines, e-books, game consoles, 3C electronic products, etc.

(ii) Production process of main products: The Company's primary business is the professional distribution and agency sales of electronic components. We provide IC design services for certain semiconductor products, mainly conducting circuit design, firmware integration, and customized function development with clients, then outsourcing production and back-end processing before selling to customers.

(3) Supply situation of major raw materials

The Company's main business is the professional distribution and sales of electronic components. The wafer packaging and testing of some Semiconductor products are provided and produced by well-known domestic manufacturers, ensuring good supply and stable quality.

(4) List of major suppliers and customers

(i) Information on suppliers accounting for 10% or more of the Company's total procurement amount in any of the past two years

Unit: NT\$ thousand

	2023				2024				As of the first quarter of 2025			
Item	Title	Amount	Percentage of net purchases in the year (%)	Relationship with the Company	Title	Amount	Percentage of net purchases in the year (%)	Relationship with the Company	Title	Amount	Percentage of net purchase as of the previous quarter of the current year (%)	Relationship with the Company
1	Company A	3,570,474	41.35	None	Company A	3,915,088	36.54	None	Company A	924,310	31.99	None
2	Company B	1,399,011	16.20	None	Company B	1,654,693	15.44	None	Company C	453,150	15.68	None
	Others	3,665,513	42.45		Others	5,145,284	48.02		Others	1,512,319	52.33	
	Net purchase	8,634,998	100.00		Net purchase	10,715,065	100.00		Net purchase	2,889,779	100.00	

Reasons for change: The supply condition of the Company's suppliers is good, and there is no significant change yet.

(ii) List of any clients accounting for 10% or more of the Company's total sales amount in any of the past two years

Unit: NT\$ thousand

	2023				2024				Up to the first quarter of 2025			
Item	Title	Amount	Percentage of Annual Net Sales (%)	Relationship with the Company	Title	Amount	Percentage of Annual Net Sales (%)	Relationship with the Company	Title	Amount	Percentage of net sales in the current year as of the previous quarter (%)	Relationship with the Company
1	Company AA	1,585,926	14.88	None	Company AA	1,283,197	10.57	None	Company BB	519,237	13.68	None
	Others	9,069,783	85.12		Others	10,857,899	89.43		Others	3,276,436	86.32	
	Net sales	10,655,709	100.00		Net sales	12,141,096	100.00		Net sales	3,795,673	100.00	

Reason for change: The supply situation of the Company to customers is good, and there is no significant change.

### 3. Employees

April 13, 2025

Item \ Year		2023		2024		As of April 13, 2025	
Number of employees	Sales and Marketing	281		294		303	
	Administration	72		72		71	
	Research and Development	0		0		0	
	Total	353		366		374	
Average age		41.23		41.25		41.32	
Average years of service		10 years and 6 months		10 years and 5 months		10 years and 5 months	
Education distribution ratio	PhD	—	—	—	—	—	—
	Master's degree	17	4.82%	15	4.10%	17	4.54%
	College	294	83.29%	312	85.25%	318	85.03%
	High school	41	11.61%	38	10.38%	38	10.16%
	Below high school	1	0.28%	1	0.27%	1	0.27%

### 4. Disbursements for environmental protection

Any losses suffered by the Company during the latest year or during the current year up to the date of publication of the annual report 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

- (1) The Company has not encountered any environment-related issues or penalties during the latest year or the current year up to the publication date of the annual report.
- (2) Estimated of current and future possible expenses and countermeasures

The Company specializes in the distribution and sales of electronic components. The production of certain semiconductor products is outsourced. There is no manufacturing or production process on the Company premises. Thus, the Company is in a low-pollution and low-risk industry. In addition, in response to the European Union's Restriction of Hazardous Substances Directive (RoHS) and REACH, each product distributed by the Company is strictly controlled by the supplier and complies with various specifications related to RoHS and REACH.

### 5. Labor relations

- (1) Employee benefit plans, continuing education, training, retirement systems, implementation status, labor-management agreements, and measures for preserving employees' rights and interests.

The Company upholds the business philosophy of mutual prosperity, providing a



competitive salary package, diverse care and welfare benefits, profit-sharing with employees, and committing to creating a friendly workplace environment with equality, diversity, and tolerance.

(i) Employee welfare measure

- (a) Employee insurance: In addition to issuing our employees with labor and national health insurance, we also provide comprehensive group insurance plans, including accidental death and disability, accident insurance, and travel safety insurance, providing complete protection to our employees.
- (b) Health checkup: The Company organizes health checkups and monthly on-site interviews and consultations with the occupational nurses and conducts follow-up management and care for employees with abnormal health checkup data.
- (c) The Company provides preferential loans to employees as part of the expenditure for car purchases required by their duties.
- (d) Lactation room and childcare subsidy: The Company provides a friendly environment for lactation. To relieve the childcare burden of employees, the Company offers childcare subsidies to employees with children under 12 years old.
- (e) Mobile phone bill subsidy: Employees who require mobile phones for work duties and use their personal devices for official business are provided with a monthly allowance by the Company.
- (f) Subsidy for using private computer equipment for work: The Company provides monthly subsidies for employees who use private computer equipment for work.
- (g) Flexible working hours: To create a friendly workplace, the Company offers flexible shift options so that employees are able to balance between work and family or education needs.
- (h) Employee travel subsidy: 1 to 2 employee trips are arranged each year, and the Company's Joint Employee Welfare Committee provides subsidies depending on the income and expenditures of the year.
- (i) Annual gifts and allowances: In addition to the gifts or vouchers for the 3 major holidays, the Company's Joint Employee Welfare Committee also provides allowances for weddings, childbirths, hospitalizations, and funerals.
- (j) Club activities: In order to enrich employees' leisure activities after work, promote employee interaction and team spirit, and encourage the establishment of associations that promote physical and mental health and education, the Company and the Employee Welfare Committee provide subsidies.
- (k) Birthday party: The Company and Employee Welfare Committee holds a birthday dinner every two months on a principal basis and provides birthday gifts.

(ii) Employee education and training

- (a) The Company's training can be divided into pre-employment training and on-the-job training, etc. It is expected that the employees can strengthen their vocational expertise through continuing education and training. Moreover, the department in charge of training provides various course information from time to time for employees to participate in.

- (b) Status of internal/external employee training and continuing education in the latest year.

Unit: hour

Employee Type	Calculation method	Male	Female	Subtotal
Supervisor	Actual number of persons in the reporting period ( A1 )	25	22	47
	Hours of training during the reporting period ( B1 )	259.31	417.46	676.77
	Average number of hours of training during the reporting period ( B1 / A1 )	10.37	18.98	14.40
Non-supervisor	Actual number of persons in the reporting period ( A2 )	54	59	113
	Hours of training during the reporting period ( B2 )	618.86	623.65	1242.51
	Average number of hours of training during the reporting period ( B2 / A2 )	11.46	10.57	11.00
Total	Reporting period hours ( Q )	878.17	1041.11	1919.28
	Total number of employees at the end of the reporting period ( R )	79	81	160
	Average training hours per employee ( Q/R )	11.12	12.85	12.00

(iii) Employee retirement system

Applicable employee retirement systems of the Company and its subsidiaries according to the operating regions of each company:

(a) Companies operating in Taiwan

- ① The retirement systems subject to the Labor Standards Act of the Republic of China are classified as defined benefit pension plans. Employee pension payments are calculated based on the employee's length of service and their average salary in the 6 months before their retirement approval dates. Two percent of the employee's monthly salary is contributed to the employee's retirement fund, which is deposited in a special account of the Bank of Taiwan by the supervisory committee of labor retirement reserve in the name of such committee.
- ② The Company adheres to the "Labor Pension Act" retirement system, which is a government-managed defined contribution retirement plan. The Company contributes 6% of each employee's monthly salary to their individual account at the Bureau of Labor Insurance.

(b) Companies operating in China and Hong Kong have retirement systems classified into defined contribution plans, and their pensions are calculated and appropriated as a certain percentage of their wages according to the standards set by the respective local government.

- (iv) Labor-management agreements and various employee rights maintenance measures

The Company treats its employees according to principles of respect, tolerance, benevolence, and generosity. We enhance employee welfare measures and regularly convene labor-management meetings as a communication channel between employees and the Company. As a result, our company has maintained excellent labor-management relations for many years. We expect to uphold this tradition, maintaining positive and harmonious labor relations with employees while jointly focusing on company operations. No labor disputes have occurred.

- (v) Code of conduct and ethics for employees

- (a) The Company has established its "Work Rules," which are the applicable standards for employees' conduct. Whenever there is a revision of the Work Rules due to amendments to labor laws and regulations, the revision will be announced to employees after reporting to the competent authority pursuant to regulations so that employees can clearly know the rules of conduct in the workplace. If an employee meets the requirements for reward or punishment, the employee shall be rewarded or punished appropriately per the "Employee Reward and Punishment Regulations" established by the Company.

- (b) All new employees of the Company have signed a service contract with the Company, the main content of which is that employees shall keep the business secrets they learned during their employment confidential and shall use the computer software legitimately.

- (c) The Company has established "Guidelines for the Adoption of Codes of Ethical Conduct" to regulate the ethical behavior of all its employees. The Company places great importance on its employees' ethical conduct and requires them to conduct themselves in conformity with ethical and moral principles.

- (d) The Company has established Insider Trading Rules to regulate the confidentiality of internal material information before it is publicly disclosed, the prohibition of buying and selling, and the content, time, method, personnel, etc. of the public, and timely educates and promotes relevant regulations for directors, managerial officers and employees, establishing a good handling and disclosure mechanism, avoiding improper disclosure of information, and ensuring the occurrence and correctness of the information published externally.

- (vi) Workplace equality and diversity

- (a) The Company creates an equal and inclusive workplace by integrating labor diversity and equality. We also welcome different perceptions, values, interpersonal relationships, and social aspects of all people so that all workers can achieve their best performance and contribute to corporate sustainability and value creation.

- (b) We strive to create a workplace free from discrimination, bullying, harassment, defamation, abuse, and violence. We do not treat job seekers or employees any differently because of their gender or sexual orientation, while at the same time gradually deepening equality and diversity concepts into the Company culture.

- (c) To date, the Company has not been involved in any gender or racial discrimination cases, nor has the Company violated any human rights. We do not hire new employees based on their race, class, language, ideology, religion, party affiliation, national origin, place of birth, gender, sexual orientation, age, marriage, physical appearance, physical or mental disability, or blood type. All of our employees are promoted or provided with training in an equal manner, and there is no preferential treatment of employees due to their background.
- (vii) Work environment and employee safety protection measures
  - (a) Cooperating with the Park Management Committee, the Company regularly tests and maintains the fire safety equipment and public facilities. Furthermore, smoking is prohibited in all buildings pursuant to governmental laws.
  - (b) In addition to the management of the park's security, access control guards are also set up to strengthen the safety of the Company.
  - (c) "Occupational Safety and Health Work Rules" are formulated, and a labor safety and health manager is appointed to coordinate, plan, supervise, and implement labor safety and health affairs, thereby improving employee safety protection measures in the workplace.
  - (d) Fire safety training is held regularly in accordance with government regulations to enhance employees' awareness of fire safety at home and at work and thereby ensure their personal safety.
  - (e) Cleaning and disinfection of all workplace facilities are implemented regularly to ensure a healthy and comfortable work environment.
  - (f) Employee health checkups are held regularly to ensure employees' physical health.
- (2) List of any losses suffered by the Company during the latest year or during the current year as of the date of publication of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken
  - (i) Since the establishment of the Company, there have been no labor disputes sufficient to affect the Company's financial and business operations.
  - (ii) Estimated losses at present and in the future and countermeasures  
The Company provides a variety of channels to promote communication between employers and employees, deeply understand employees' satisfaction with the management and welfare system, and maintain good labor relations. The Company's labor relations are good and no labor disputes have occurred, nor have the Company suffered any related losses.

## **6. Cyber security management**

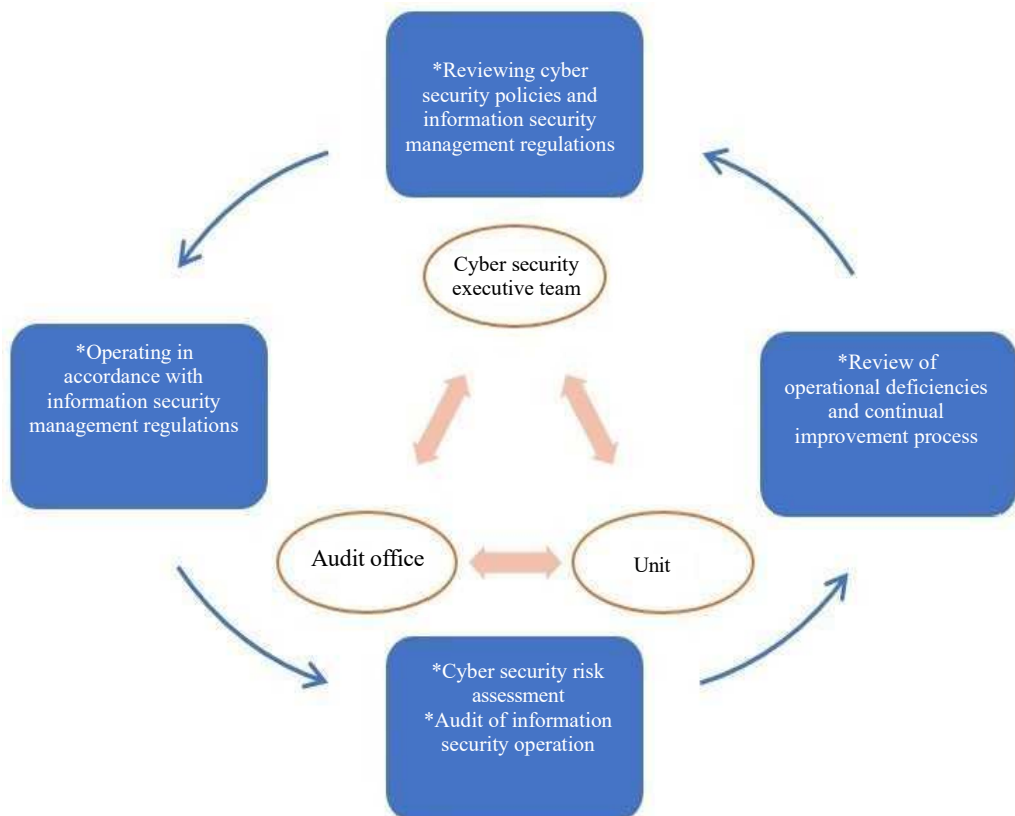
In order to strengthen the risk management of cyber security, the Company has established a cyber security executive team, set up a cyber security risk management framework, formulated cyber security policies and concrete management plans, invested resources in cyber security management, and regularly reviewed cyber security policies to ensure the

security of cyber communications.

- (1) Cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

(i) Cyber Security Risk Management Framework:

The cyber security executive regularly reviews cyber security management policies and related measures. All members of each department follow the applicable regulations. Equipment such as servers are routinely inspected during daily operations to detect problems promptly. Coupled with the inspection conducted by the audit unit, the accuracy and effectiveness of the operations can be ensured by conducting a cyber security risk assessment. When errors, defects, and risks are identified, improvement actions are taken immediately in order to establish a continuous improvement management cycle for cyber security.



(ii) Cyber security policies

(a) Purpose

These policies have been established to strengthen cyber security risk management and ensure the security of data, systems, equipment, and networks.

(b) Objectives of cyber security

The Company ensures the accuracy, availability, integrity, and confidentiality of the Company's information operations. We protect against internal and external information security threats. In the event of an incident, we can respond rapidly, restore normal operations in minimal time, and mitigate damages caused by such incidents.

(c) Cyber security management measures

- ① Established a cyber security executive team to formulate cyber security policies and specific management plans to ensure cyber security.

- ② Personal information shall be handled discreetly in accordance with the Personal Data Protection Act.
  - ③ Passwords, anti-virus software, and update of virus pattern regularly are required for personal computers and servers.
  - ④ Regulations regarding intellectual property rights shall be observed, and private computers shall be managed to ensure that the installed software is legitimately licensed.
  - ⑤ Important data shall be backed up, and the validity of the backed-up data shall be checked periodically.
  - ⑥ Disaster recovery plans shall be made so system operations can be quickly restored during a security incident.
  - ⑦ Conduct cyber security awareness campaigns periodically and organize information security courses to strengthen colleagues' awareness of information security and legal concepts.
- (d) Revision and amendment
- These policies, and any amendments thereto, shall be implemented upon approval by the General Manager of the Group.
- (iii) Concrete management plan
- (a) After evaluation by our dedicated information security unit, the Company has determined that our current information security risk management protocol effectively protects our information security. Therefore, we have temporarily decided not to purchase cybersecurity insurance, considering it is still an emerging insurance category.
- (b) The Company's concrete management plans for cyber security can be divided into prevention, daily operational maintenance, and cyber security incident handling based on the timing of the occurrence of cyber security incidents. The concrete management plans are listed below:

Type	Explanation of Measure	Contents
<b>Information collection and joint information security control</b>	Joined the TWCERT/CC Alliance	<p>TWCERT information security information regularly.</p> <p>The vulnerability is fixed according to the information security notification.</p> <p>Information personnel participate in TWCERT courses to improve information security protection capabilities.</p>
<b>External intrusion prevention</b>	Install firewall and anti-virus software	<p>Network firewall installation.</p> <p>Antivirus software installation on servers and computer hosts.</p> <p>Automatic updates of antivirus software virus definitions.</p> <p>Weekly computer scans using antivirus software.</p>

<b>Prevention of data leakage</b>	Manage accounts and permissions	Personnel account review and management. Regularly check the system permission settings.
<b>Maintaining daily operations</b>	Data backup and related verification	Backup by data attributes, backup in multiple forms and offsite storage Running regular data recovery tests Performing daily server inspection and system testing. Conducting computer inspections regularly.
<b>Handling of cyber security incidents</b>	Formulation of relevant operating procedures and recovery plan	Establishing procedures for responding to and reporting cyber security incidents. Formulating disaster recovery plans. Regular drills when no incidents occur. Subsequent review and improvement of the disaster recovery plan implementation report.

(iv) Resources invested in the management of cyber security

- (a) Conducted inventory and risk assessment of the information and communication system.
- (b) Conducted penetration tests on core information and communication systems.
- (c) Conducted social engineering exercises.
- (d) Completed the "regular examination of the authority settings of the operating system".
- (e) Completed "computer inspection".
- (f) Completed a disaster restoration drill.
- (g) Conducted information security awareness and held information security courses a total of 10 times.

(2) Any losses suffered by the Company in the most recent fiscal year and as of the annual report publication date due to significant cyber security events, the possible impacts, and measures being taken 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.

In the most recent year and up to the date of publication of the annual report, the Company did not encounter any significant information security incidents, resulting in major information security incidents such as customer information leakage and fines. There were also no complaints of judicial actions against the Company due to violation of customer personal data protection or loss of customer data.

## 7. Significant contracts

Supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report or expired in the latest year:

April 13, 2025

Nature of contract	Contracting Party	Commencement and expiration date	Main contents	Main restrictive clauses
Insurance contract	Tokio Marine Newa Insurance Co., Ltd.	2025.3.31~2026.3.31	Liability insurance for directors, supervisors and key personnel	The cumulative liability limit during the insurance period is US \$10,000,000.
Supplier agency contract	Taiwan Chemi-Con Corporation	April 1, 2021 to March 31, 2024. If neither party objects, the expiration date will be automatically extended to March 31, 2027.	Sales agent of its products	None
Supplier agency contract	Panasonic Industrial Devices Sales Taiwan Co., Ltd	2025.4.1~2026.3.31	Sales agent of its products	None
Supplier agency contract	Samsung Electro-Mechanics (Shenzhen) Co., Ltd.	2013.1.1 ~ 2013.12.31 If either party does not express its intention to not renew the contract 30 days prior to the expiration date, the contract may be automatically extended for one year, and the same applies thereafter.	Sales agent of its products	None
Supplier agency contract	Kyocera Asia Pacific Pte. Ltd. Taipei Branch	From October 1, 2018 to September 30, 2021, if neither party expresses an intention not to renew the contract 3 months prior to the expiration date, the contract will automatically be extended for 1 year, and this shall apply thereafter.	Sales agent of its products	None
Supplier agency contract	Ko-E (Hong Kong) Ltd.	This contract is valid for a period of 12 months starting from October 1, 2023. If, prior to the expiration of the contract, the distributor has not committed any breach of contract as stipulated in this agreement and has achieved the sales targets set forth in the contract, and neither party raises any objections, this contract will be automatically be extended for 1 year from the expiration date.	Sales agent of its products	None
Endorsement and Guarantee	Panasonic Industrial Devices Sales Taiwan Co., Ltd	3 years from February 1, 2024.	Guarantor for subsidiary KOHO (Taiwan) Co., Ltd.	The guaranteed amount is NT \$130,000,000.



# V. Review and Analysis of Financial Position, Financial Performance and Risks

## 1. Financial position

### Comparative analysis of financial position

Unit: NT\$ thousand

Item \ year	2024	2023	Amount of increase (decrease)	Change in proportion (%)
Current assets	9,205,689	8,068,120	1,137,569	14.10
Financial assets measured at FVTPL - Non-current	-	96,979	(96,979)	(100.00)
Financial assets measured at FVTOCI - Non-current	179,684	178,930	754	0.42
Investments accounted for using the equity method	488,647	-	488,647	100.00
Property, plant, and equipment	670,531	678,453	(7,922)	(1.17)
Right-of-use assets	21,485	30,899	(9,414)	(30.47)
Investment properties	189,147	190,222	(1,075)	(0.57)
Intangible assets	49,451	52,658	(3,207)	(6.09)
Deferred tax liabilities	67,003	77,961	(10,958)	(14.06)
Other Assets	10,133	8,954	1,179	13.17
Total assets	10,881,770	9,383,176	1,498,594	15.97
Current liabilities	4,106,189	2,979,932	1,126,257	37.79
non-current liabilities	121,039	129,130	(8,091)	(6.27)
Total liabilities	4,227,228	3,109,062	1,118,166	35.96
Share capital	2,125,972	2,126,572	(600)	(0.03)
Capital surplus	1,627,745	1,625,096	2,649	0.16
Retained earnings	2,936,213	2,524,736	411,477	16.30
Other equity	(84,706)	(42,358)	(42,348)	99.98
Non-controlling equity	49,318	40,068	9,250	23.09
Total equity	6,654,542	6,274,114	380,428	6.06
Explanation of significant changes in assets, liabilities, and equity over the past two years (changes exceeding 20% between periods and amounts exceeding NT\$10 million), their main causes, impacts, and future response plans:				
1. The decrease in both non-current financial assets measured at FVOCI and the increase in equity-accounted investments were mainly due to reclassification of securities held by the parent company to equity-accounted investments.				
2. The increase in both current liabilities and total liabilities were mainly due to the increase in both short-term borrowings and accounts payable.				
3. The decrease in other equity was primarily due to disposal of non-current financial assets measured at FVOVI by the parent company.				

## 2. Financial performance

### Comparison and analysis of financial performance

Unit: NT\$ thousand

Item \ year	2024	2023	Amount of increase (decrease)	Change in proportion (%)
Operating revenue	12,141,096	10,655,709	1,485,387	13.94
Operating costs	10,193,737	9,013,500	1,180,237	13.09
Gross profit	1,947,359	1,642,209	305,150	18.58
Operating expenses	832,338	769,021	63,317	8.23
Operating income	1,115,021	873,188	241,833	27.70
Non-operating income and expenses	103,177	49,505	53,672	108.42
Net profit before tax from continuing operations	1,218,198	922,693	295,505	32.03
Income tax expense	253,168	202,387	50,781	25.09
Net profit from continuing operations	965,030	720,306	244,724	33.98
Profit (loss) from discontinued operations	-	-	-	-
Net profit for the year	965,030	720,306	244,724	33.98

1. Main reasons for material changes in operating income, operating profit, and net profit before tax in the past 2 years:

The Company experienced a slightly higher increase in operating revenue than in operating costs in 2024 compared to 2023, resulting in a gross profit from operations of NT\$1,947,359 thousand in 2024, an increase of 18.58% compared to NT\$1,642,209 thousand in 2023. Additionally, the increase in operating expenses in 2024 was less than the increase in gross profit from operations, leading to a net operating income of NT\$1,115,021 thousand in 2024, an increase of 27.70% compared to NT\$873,188 thousand in 2023. However, the net foreign exchange gains in 2024 significantly increased compared to 2023, and the share of profits from equity-accounted associates also increased, resulting in a profit before tax of NT\$1,218,198 thousand in 2024, an increase of 32.03% compared to NT\$922,693 thousand in 2023.

2. Expected sales volume and the basis thereof: Not applicable as it has not been publicly predicted.

3. Possible impact on the Company's future financial business and corresponding plans:

(1) Financial business information

Unit: NT\$ thousand

Item	2024	2023	Increase (decrease) (%)
Operating revenue	12,141,096	10,655,709	13.94
Net profit before tax from continuing operations	1,218,198	922,693	32.03
The ratio of long-term capital to property, plant, and equipment (%)	1,010.47	943.80	7.06
Current ratio (%)	224.19	270.74	(17.19)
Quick ratio (%)	164.09	205.68	(20.22)

(2) Possible impact and countermeasures

The financial structure remains sound and maintained at appropriate ratios. The Company will maintain a stable financial structure to protect shareholder interests and accommodate future business growth requirements.

### 3. Cash flows

#### (1) Analysis of changes in cash flow in 2024

Unit: NT\$ thousand

Cash balance at the beginning of the period	Annual net cash flow from operating activities	Annual cash inflow from investment and financing activities	Amount of cash surplus (shortfall)	Remedies for cash shortfall	
				Investment plan	Financial plan
2,081,962	(156,022)	(1,037,352)	888,588	-	-
Analysis of changes in cash flow in 2024:					
1. Operating activities: Mainly due to the increase in accounts receivable and inventory, resulting in a net cash outflow from operating activities.					
2. Investing activities: The net cash outflow from investing activities was mainly due to the acquisition of financial assets at FVOCI.					
3. Financing activities: The net cash inflow from financing activities was mainly due to distribution of cash dividends to shareholders and the increase in short-term loans.					

(2) Improvement plan for liquidity deficiency: There is no cash liquidity deficiency.

#### (3) Liquidity analysis for the coming year

Unit: NT\$ thousand

Cash balance at the beginning of the period	Annual net cash flow from operating activities	Annual cash inflow (outflow) from investment and financing activities	Amount of cash surplus (shortfall)	Remedies for anticipated cash shortfall	
				Investment plan	Financial plan
888,588	891,520	(892,908)	887,200	-	-
Analysis of changes in cash flow in 2025:					
1. Operating activities: The net cash inflow from operating activities was mainly due to increased pre-tax net income and reduced inventory levels.					
2. Investment and financing activities: Mainly due to the expected distribution of cash dividends to shareholders.					

### 4. Impact of material capital expenditure in the latest year on the Company's financial position and businesses

- (1) Utilization of material capital expenditures in the most recent year and sources of funds in the most recent year: None.
- (2) Expected benefits: Not applicable.

**5. Investment policy for the latest year, main causes for profits or losses, improvement plans and investment plans for the subsequent year**

December 31, 2024; Unit: NT\$ thousand

Investor	Investee	Investment profit or loss recognized for 2024	Main causes of gain or loss	Improvement plan
Nichidenbo Corporation	VIC-DAWN Enterprise Co., Ltd.	107,940	Focusing on the core business	None
	Nichidenbo (Mauritius) Ltd.	28,149	Focusing on the core business	None
	Lipers Enterprise Co., Ltd.	152,434	Focusing on the core business	None
	Scope Technology Co., Ltd.	189,091	Focusing on the core business	None
	Advance Electronic Supply Inc.	171,060	Focusing on the core business	None
	TONSAM Corporation	18,056	Focusing on the core business	None
	Lipers (Hong Kong) Enterprise Co., Ltd.	17,556	Focusing on the core business	None
	KOHO (Taiwan) Co., Ltd.	67,229	Focusing on the core business	None
	CONCORD ADVANCED TECHNOLOGY Co., Ltd.	38,396	Focusing on the core business	None
Nichidenbo (Mauritius) Ltd.	Nichidenbo (Shenzhen) Trading Co., Ltd.	16,022	Focusing on the core business	None
	Nichidenbo Suzhou Trading CO., LTD.	11,406	Focusing on the core business	None
Lipers (Hong Kong) Enterprise Co., Ltd.	Lipers Electronic (SZ) Co., Ltd.	18,262	Focusing on the core business	None

In response to market competition and in order to strengthen its core competencies, the Company mainly invests in companies that are related to its core business to strengthen the

marketing network and strategic alliances, thereby enhancing the overall operational performance of the Company. In addition, the Company keeps track of the operating conditions of its investee companies. It analyzes the performance of its investments in order to facilitate the decision-making authority in post-investment management tracking and evaluation.

In 2024, the Company will adopt the equity method for its reinvestment business, which operates stably and profitably. Future investment plans will continue to focus on long-term strategic investments. They will be determined based on market conditions and the need to expand the business scale, taking into account future capital conditions. Continuous prudent evaluation will improve the Company's operating performance.

## 6. Risk analysis and assessment

(1) Impact on profit and loss of the Company due to interest rate fluctuation and response measures thereof

(i) The impact of interest rate changes on the Company's profit and loss and future countermeasures

Interest rate fluctuations are related to the Company's capital costs, and the Company has actively sought more favorable interest rates from banks. In 2024, finance costs accounted for 0.78% of operating revenue, so interest rate changes have no significant impact on profit and loss 2024.

(ii) The impact of exchange rate changes on the Company's profit and loss and future countermeasures

Unit: NT\$ thousand

Item	2024
Net foreign exchange gains	103,186
Operating revenue	12,141,096
Percentage of operating revenue	0.85%
Net profit before tax from continuing operations	1,218,198
Percentage of net profit before tax of continuing operations	8.47%

Purchase and sale transactions are mainly in USD. To hedge the risk of exchange rate fluctuations, the Company uses natural hedges, i.e., the amounts of payables in foreign currencies arising from purchases from major suppliers are paid in the foreign currency of such purchases directly. Additionally, the following measures have also been taken to minimize the impact of exchange rate fluctuations on the Company.

The Company's concrete measures in response to exchange rate fluctuations:

- The Company shall collect information on exchange rate fluctuations from time to time to grasp the trend of the exchange rate fully.
- When making quotations to customers, the Company shall take the potential impact of exchange rate fluctuations into consideration and adopt a more conservative and stable exchange rate as the basis of the quotations in order to reduce the impact of exchange rate fluctuations on the Company's profitability.
- The Company shall take hedging measures, sell foreign exchange forward in advance, and adjust foreign currency positions promptly to hedge the risks arising from exchange rate fluctuations.

(iii) Impact of inflation on the Company's profit and loss and future countermeasures:

The Company closely monitors market price trends, adopts flexible strategies, and

actively coordinates with manufacturers to reduce the impact of inflation.

- (2) Policies, leading causes of gain or loss, and future response measures concerning high-risk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions

The Company has complied with "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees" and "Regulations Governing the Acquisition and Disposal of Assets":

- (i) In 2024, the Company did not engage in high-risk, high-leverage investments, and all investments were executed after careful evaluation.
- (ii) In 2024, the parties to whom the Company lent funds 2024 were limited to parent-to-subsidiary or subsidiary-to-subsidiary arrangements, conducted in compliance with relevant provisions of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees."
- (iii) In 2024, the endorsements and guarantees were limited to parent-to-subsidiary arrangements, conducted in compliance with relevant provisions of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees."
- (iv) Derivatives transactions in 2024 were limited to forward exchange contracts to hedge risks arising from exchange rate fluctuations on net assets or net liabilities denominated in foreign currencies and were not conducted for profit-making purposes.

- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work:

The Company operates as a professional electronic parts distributor. Its main business is agency trading, and does not engage in R&D activities.

- (4) Effects of and response to changes in policies and regulations relating to corporate finance and sales:

The Company's operations comply with all relevant domestic and foreign regulations, and we continuously monitor major domestic and foreign policy and legal changes. In the most recent year and as of the publication date of the annual report, no major impact on financial operations has occurred due to domestic or foreign policy and legal changes. We will continue to collect and evaluate the potentially significant impacts of such changes on our financial operations to understand market environment changes and fully implement timely response measures.

- (5) Response to technological and industry changes impacting corporate finance and sales:

The Company promotes various cyber security policies and implements various operations in accordance with the established "Information Security Management Measures," supervises colleagues to follow information security regulations, conducts assessments, reviews operational deficiencies, and continuously improves processes to ensure the Company's cyber security. In addition, the Company regularly conducts annual assessments on the effectiveness of the internal control system and information operation audit to ensure its effectiveness. Up to the publication date of the annual report, there has been no significant information security risk. Furthermore, the Company also pays prompt attention to the development and changes in the relevant industrial fields and continuously evaluates the impact of the relevant technological changes on the Company's financial operations so as to take appropriate measures in a timely manner.

- (6) Impact of corporate changes on risk management and the Company's responses:

The Company actively strengthens internal management, improves management quality and efficiency, and pursues sustainable business operations. There have been no significant changes to the Company's corporate image in recent years.

(7)Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.

(8)Expected benefits from risks relating to and response to factory expansion plans: None.

(9)Risks associated with any concentration of sales or purchases operations and countermeasures:

(i) Purchase aspect:

The concentration of purchasing is due to the characteristics of the industry and the supply/demand in the market. The Company has signed long-term agency contracts with its suppliers to ensure a stable source of supply. In addition to continuing to strengthen the relationship with existing suppliers, the Company also proactively develops other products for distribution in order to avoid the risk of concentration of purchasing.

(ii) Sales aspect:

In addition to maintaining good relationships with customers, the Company also develops product distribution to meet customers' needs. Further, the Company integrates electronic components and introduces relevant products in line with customers' design requirements. With the increase of new product distribution business, the Company also proactively develops new customer sources to avoid the risk of concentration of sales.

(10)Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.

(11)Effects of risks relating to and response to the changes in management rights: None.

(12)For litigation or non-litigation events, the Company must disclose any material litigation, non-litigation, or administrative disputes that have been definitively adjudicated or are still pending involving the Company, its directors, supervisors, general manager, responsible person, shareholders with shareholding percentages exceeding 10%, and subsidiary companies, where the outcome may significantly impact shareholders' equity or securities prices. Such disclosure should include the facts in dispute, the monetary amount involved, the litigation commencement date, the primary litigating parties, and the status of proceedings as of the publication date of the annual report: None.

(13)Other significant risks and countermeasures: None.

## **7. Other significant matters**

The Company values the accounts of its assets and liabilities on a monthly basis and recognizes relevant allowance for losses. The basis of the evaluation is as follows.

(1) Loss allowance

The Company's allowance for losses of receivables is estimated and recognized based on the expected credit losses of debts, such as notes receivable, accounts receivable, and non-accrual receivables over their respective duration.

- (i) Notes receivable: A provision of 0.5% is set based on the ending balance of notes receivable.
  - (ii) Accounts receivable: The Company uses a provision matrix, taking into account factors such as the customer's past default record, to determine the loss allowance for accounts receivable at the end of the period:
    - (a) When accounts receivable are overdue for more than 90 days: The expected credit loss rate is 100% as the recoverable amount can no longer be reasonably expected.
    - (b) When accounts receivable are overdue for less than 90 days:
      - ① Statistical analysis of accounts receivable recovery patterns over the past two years, together with the aging transition status based on the period-end "Overdue Accounts Receivable Aging Analysis," is used to calculate the ratio at which accounts receivable in each aging category transition to subsequent aging intervals in the following month. These ratios are then used to calculate the probability of accounts receivable in each aging category becoming overdue by more than 90 days, thereby deriving the historical loss rate and standard deviation.
      - ② The expected credit loss rate is determined by comprehensively considering the historical loss rate and standard deviation.
      - ③ For accounts receivable in any aging interval with an expected credit loss rate below 0.5%, an allowance of 0.5% of the ending balance is established.
    - (c) Loss allowance (expected credit loss) = total carrying amount of accounts receivable \* expected credit loss rate.
  - (iii) Non-accrual receivables: If a customer's unusual repayment, the receivable is reclassified as non-accrual receivables. In principle, an allowance is recognized at 100% of the closing balance of non-accrual receivables. However, if a recovery is probable after assessment, the allowance is identified based on the collateral provided and the estimated recoverable amount.
- (2) Allowance for price decline in inventories
- Inventories are measured at the lower of cost or net realizable value. When comparing cost and net realizable value, except for the same type of inventories, inventories are evaluated by individual items. Net realizable value means the amount received if the inventory sells after deducting the selling cost in normal circumstances.



## **VI. Other Items Deserving Special Mention**

### **1. Information on affiliates**

**(1) Consolidated business report of affiliates**

Please refer to Market Observation Post System>Single Company>Download Electronic Documents>Three Forms for Affiliates  
[https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

**(2) Consolidated financial statements of affiliates**

The entities included in the combined financial statements of the Company for the year ended December 31, 2024 (from January 1, 2024 to December 31, 2024) ("Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises") are the same as those included in the consolidated financial statements of parent and subsidiary companies prepared in conformity with IFRS 10. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, a separate set of combined financial statements is not prepared.

**(3) Affiliation Report: Not applicable.**

**2. Private placement of marketable securities in the most recent year and as of the publication date of the annual report: None.**

**3. Any of the situations listed in Article 36-3-2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the securities, has occurred in the latest year or in the current year as of the date of publication of the annual report: None.**

**4. Other matters that require supplementary explanation: None.**

# Nichidenbo Corporation

Chairperson: CHOU, WEI LIN