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Hsin Yung Chien Co., Ltd.

2024 Annual Report

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V. Name of the trading place where overseas securities are listed for trading and the method of inquiry of overseas securities: None.

VI. The Company's website: <http://www.hyc-king.com>

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One. Letter to Shareholders

Dear shareholders,

First of all, I would like to thank all of you for your support and encouragement over the past year so that Hsin Yung Chien can continue to grow and share the business results with shareholders. The following is a report on our 2024 operating results and the operating outlook for 2025.

I. Report on the 2024 Business Results

(I) Business plan implementation results

The net operating income of the Company in 2024 was NT\$1,466,396 thousand, decreased by 6% compared with NT\$1,558,156 thousand in 2023, and the operating income in 2024 was NT\$444,086 thousand, decreased by 15% compared with NT\$525,319 thousand in 2023.

This year's revenue decreased by 6% compared to the same period last year due to weaker market demand. Both gross profit margin and operating profit margin also declined, primarily due to changes in product mix and increased costs from depreciation and property tax, as the newly constructed plant began incurring such expenses at the end of 2023. In addition, the Red Sea crisis triggered by the Middle East situation led to higher shipping costs compared to last year, further impacting the operating profit margin.

Unit: NT\$ thousands

Item \ Year	2024	2023	Increase (decrease) rate
Net operating income	1,466,396	1,558,156	(6%)
Operating costs	(877,128)	(898,864)	(2%)
Gross operating profit	589,268	659,292	(11%)
Operating expenses	(145,182)	(133,973)	8%
Net operating income	444,086	525,319	(15%)
Non-operating income (expenses)	52,750	58,002	(9%)
Income (loss) before income tax	496,836	583,321	(15%)
Income tax expense	(98,609)	(114,136)	(14%)
Profit	398,227	469,185	(15%)
EPS after tax	5.11	6.02	

(II) Budget execution status:

According to current laws and regulations, the Company did not publicly disclose financial forecast data externally in 2024, and the overall actual operating status and performance are roughly equivalent to the internal business plan formulated by the Company.

(III) Analysis of financial revenue and expenditure and profitability:

Item		2024	2023
Financial structure (%)	Debt to asset ratio	17	19
Solvency (%)	Current ratio	707	649
	Quick ratio	643	593
Profitability (%)	Return on assets	11	13
	Return on equity	13	15
	Net profit margin (%)	27	30
	Earnings per share (NT\$)	5.11	6.02

(IV) Research and Development:

1. Rubber products

In the future, the focus of our research and development will still be on the improvement of materials, structures and manufacturing processes. In addition to continuing to research and develop more specifications for existing products, HYC will focus on mold improvement and innovation. For chemical fiber cloth raw materials, HYC is cooperating with domestic manufacturers to develop high-strength fabrics, which are suitable for high impact products with advantage of replacing multi-layer fiber fabrics. Our efforts in rubber are in line with the current trend towards green energy conveyor belts, energy-saving conveyor belts, super heat-resistant and oil resistant conveyor belts, wear-resistant and flame resistant conveyor belts, and other special types of rubber, allowing customers to have a more diversified selection of products. Recently the main direction of R&D is cooperating with customers to jointly develop special products such as rubber dam and wave power sheet for hydropower, to create products with higher added value.

2. Composite material products

Newsheet participated in Taipei Cycle and Taichung Bike Week in 2024 for the promotion of environment friendly and recyclable composite materials and gained recognition and appreciation from many brands and customers to provide a better material choice for those who have long used non-recyclable and not environmentally friendly thermally stable carbon fiber composite materials in the motor bike industry.

The followings are the descriptions of the progress of product development and promotion:

A. Electric bicycle frames and bicycle wheel rims:

The Company participated in the Taichung Bike Show in September 2024. All brands expressed that the inventory level was still high. The priority was to consume the inventory. The brand operators' business issues are how to stimulate the consumer market's recovery and eliminate the inventory. It is a well-known European bicycle brand. The cooperation of new product plans has been postponed due to excessive inventory and the new product development plan will possibly be launched until the of 2026. As part of this year's exhibition plan, the Company will participate in the JEC Show (world composite materials exhibition) in Paris and collaborate with foreign trade associations from various European countries to enhance exposure, expand the development of bicycle industry clients, and contribute to increased revenue.

B. Development of hydrogen vessels for fuel cells

Unlike traditional hydrogen vessels made with non-environmentally friendly thermoset composite materials, Newsheet uses thermoplastic carbon fiber composites to produce hydrogen vessels for fuel cells. A prototype of a 700-bar, 50L Type 3 hydrogen vessels has been completed, and related manufacturing processes and quality verifications are currently underway. The Company is also cooperating with the related customers in the development of the project, which is mainly used in the industries of buses, transportation vehicles and drones.

C. Development of fuel cells related components

Focusing on thermoplastic carbon fiber composites, the Company is collaborating with a national university to develop bipolar plates for fuel cells in order to replace traditional graphite and metal bipolar plates with advantages such as simplified manufacturing processes, improved corrosion resistance, and a lighter, thinner design. The Company also signed the "NSTC 2025 Net Zero Carbon Emission" research project cooperation letter of intent with customers to develop fuel battery components.

D. EV component development project

In 2024, the Company engaged in component development with a Taiwanese electric bus manufacturer. Now the prototype samples are completed. Moving forward, the Company will target other electric vehicle manufacturers with varying specifications to promote and expand its product applications.

II. Summary of the 2024 Business Plan

(I) Business policy:

1. Actively develop the polymer composite product market
Accelerate the mass production schedule of new product lines and actively develop domestic and export markets.
2. Upgrade brand awareness
Upgrade product quality, establish brand awareness, and upgrade customer satisfaction.
3. Product category optimization
Create product diversification and differentiation and improve product added value.
4. Strengthen the training of human resources
As HYC is growing day by day, actively cultivate and establish its talent pool, conduct employee training, implement employee performance appraisal and evaluation, and improve employee satisfaction.
5. Carbon reduction
Achieving net zero carbon emissions is not only the international trend, but also an important way to enhance the green competitiveness of enterprise HYC will reduce carbon emissions by sustainable design, raw material procurement and green manufacturing. Get ahead of our customers.

(II) Expected sales volume and its basis:

The sales volume is determined according to the market demand and development trend, customer operation profile and the current situation of received orders of the Company, taking the output capacity of the Company into account. The target sales volume is 10,000 thousand kg.

(III) Important production and marketing policies:

1. Sales policy: Actively develop new product markets and customer promotion, create product diversification and differentiation, and improve product added value.
2. Production policy: Comply with customers' delivery dates, reserve capacity for quick order insertion, and increase machine adaptability.

(IV) Future company development strategy:

In addition to actively promoting product optimization and increasing the number of high value-added products, the Company focuses on its core business to differentiate rubber products and avoid low price competition. Among its composite material products, the Company combined 50 years of process technology and rubber research and development in its electronic grade heat-resistant cushioning pads, and developed environment-friendly cushioning pads that are stable with the

capability of automated production and barcode management, and can be applied in the electronic industry. The thermoplastic composite material the Company developed has the characteristic of high temperature resistance up to 330°C, high strength that can be used to replace metals, environment-friendliness, recyclability and lightweight, and can be widely used in fields such as daily life and automobiles, and is expected to bring revenue in the future.

III. Impact of the external competitive environment, regulatory environment, and overall business environment

(I) External competition :

This is mainly due to the increasingly fierce price competition among industry peers and the rising cost of raw materials. However, the Company has developed relevant countermeasures to differentiate products, avoid vicious price competition, and face challenges by improving added value and the quality of products.

(II) Impact of the regulatory environment:

The management of the Company pays attention to important domestic and foreign policy and legal changes at all times, and proposes countermeasures at any time.

(III) Operating environment :

Looking ahead to 2025, the global economy will continue to face numerous challenges. Among the most critical are the policies of the newly elected U.S. president, the asynchronous monetary policies of central banks around the world, the outlook for China's real estate market, and ongoing geopolitical conflicts such as the Russia-Ukraine war and tensions in the Middle East. These factors not only impact Taiwan's export performance but also affect domestic demand and consumption through financial markets and import prices. They are important developments that warrant close monitoring and early assessment.

Looking ahead, in addition to prudently responding to international changes, the Company will be committed to developing new products and improving the utilization rate of new factory production capacity, so that the Company can continue to develop steadily and grow continuously.

When the operation is affected by external environmental changes, it is also necessary to adopt corresponding strategies from time to time to minimize the

impact or effect on the enterprise, so as to ensure the achievement of goals. This will enable the Company to continue to grow and thrive in its core business, continuously enhance shareholder value, and benefit all employees.

I would like to wish you all good health and good luck.

Hsin Yung Chien Co., Ltd.

Lin, Chi-Chin, Chairman

Two. Corporate Governance Report

I. Information about directors, supervisors, president, vice presidents, assistant vice presidents, and heads of departments and branches:

(I) Director :

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term of office	Initial election date	Number of shares held at the time of election		Number of shares held currently		Number of shares held by spouse and minor children currently		Number of shares held in the names of others		Major experience (education)	Positions concurrently held at the Company and other companies	Other directors, directors or supervisors with a spousal relationship or kinship relationship within the second degree			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Ji Wng Cheng Co., Ltd. Representative : Lin, Chi-Chi	Male 71-80 years old	May 15, 2024	3 years	September 23, 2003	6,950,513	8.91%	15,343,420	19.67%	-	-	-	-	Master of Management, Dominican University, USA	None	President	Lin, Chi-Uo	Brother	-
																	Special Assistant, Chairperson's Office	Hu, Mei-Hui	Sister in-law	-
Director	Republic of China	You Zhen Co., Ltd. Representative: Lin, Chi-Uo	Male 61-70 years old	May 15, 2024	3 years	September 23, 2003	8,187,675	10.5%	14,466,000	18.55%	-	-	-	-	Graduated from the Institute of Business Management, Daye University	President, Hsin Yung Chien Co., Ltd.	Chairperson	Lin, Chi-Chin	Brother	-
																	Special Assistant, Chairperson's Office	Hu, Mei-Hui	Wife	-
Director	Republic of China	Huang, Kuo-Chen	Male 71-80 years old	May 15, 2024	3 years	September 28, 2006	128,000	0.16%	128,000	0.16%	90,200	0.12%	-	-	Graduated from the International Trade Department, Chienkuo Technology University Accounting Supervisor, Yuntai Automobile Transportation Company Chair of the Supervisors, Yuanlin Credit Cooperative	None	-	-	-	-
Director	Republic of China	Chiu, Po-Ta	Male 81-90 years old	May 15, 2024	3 years	May 26, 2010	160,000	0.21%	160,000	0.21%	-	-	-	-	Graduated from the Business Management Department, Feng Chia University Chairperson, Lih Hsin Industrial & Trading Co., Ltd.	Chairman, Lih Hsin Industrial & Trading Co., Ltd.	-	-	-	-
Director	Republic of China	Chen, Chao-Kao	Male 61-70 years old	May 15, 2024	3 years	May 26, 2010	688,380	0.88%	688,380	0.88%	-	-	-	-	Graduated from Chia Yang High School Chairman, Kong Chou Construction Co., Ltd. Director representative · Maoqiang Technology Co., Ltd. Director Mosa Industrial Corp.	Chairman, Kong Chou Construction Co., Ltd. Director representative · Maoqiang Technology Co., Ltd. Director Mosa Industrial Corp.	-	-	-	-
Director	Republic of China	Chen, Chin-I	Male 81-90 years old	May 15, 2024	3 years	September 28, 2006					2,200	0.00%			Graduated from the Department of Economics, Tung Hai University Chief Auditor, Changhua Bank Head office	None	-	-	-	-

Note: The number of shares as of the book-close date on March 17, 2024 is 77,991,707.

Title	Nationality or place of registration	Name	Gender Age	Date of election (appointment)	Term of office	Initial election date	Number of shares held at the time of election		Number of shares held currently		Number of shares held by spouse and minor children currently		Number of shares held in the names of others		Major experience (education)	Positions concurrently held at the Company and other companies	Other directors, directors or supervisors with a spousal relationship or kinship relationship within the second degree			Remark
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Lin, Chen-Chih	Male 71-80 years old	May 15, 2024	3 years	June 27, 2012	-	-	-	-	-	-	-	-	Master of Philosophy, Tung Hai University Graduated from the International Trade Department, Chienkuo Commercial College President, Oudi Enterprise Development Co., Ltd.	President, Oudi Enterprise Development Co., Ltd.	-	-	-	-
Independent Director	Republic of China	Lin, Chin-An	Male 71-80 years old	May 15, 2024	3 years	July 7, 2021	-	-	-	-	-	-	-	-	Provincial Fengyuan Senior Business Vocational School Manager, Changhua Bank Nantou and Changhua Branch	None	-	-	-	-
Independent Director	Republic of China	Lin, Shu-Hui	female 51-60 years old	May 15, 2024	3 years	May 15, 2024	-	-	-	-	-	-	-	-	Master of Financial Management, College of Management, National Chung Hsing University Assistant Manager, TAIWAN INTERNATIONAL SECURITIES CO.,LTD. Hsin Yung Chien Co., Ltd. Accounting Manager Financial and Accounting Consultant, Pets Mall Co., Ltd.	Financial and Accounting Consultant, Pets Mall Co., Ltd.	-	-	-	-

- (II) Major shareholders of legal person shareholders; if the major shareholders are legal person shareholders, their major shareholders:

Table 1: Major shareholders of legal person shareholders

法人股東名稱	法人股東之主要股東
Ji Wng Cheng Co., Ltd.	Chih Jung Corp. (Shareholding ratio: 99.66%)
You Zhen Co., Ltd.	Wang chi Corp. (Shareholding ratio: 99.53%)

Table 2: If the major shareholders are legal person shareholders, their major shareholders:

Name of legal person shareholder	Major shareholders of legal person shareholders
Chih Jung Corp.	Yung Chi Corp. (Shareholding ratio: 100%)
Wang chi Corp.	Yung Chi Corp. (Shareholding ratio: 100%)

- (III) Disclosure of professional qualifications of directors and independence of independent directors:

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
Ji Wng Cheng Co., Ltd. Representative : Lin, Chi-Chi	1. Chairperson of the Company 2. Mr. Lin, Chi-Chin has various professional abilities in operations management, leadership and decision-making, crisis management, industrial knowledge, sustainable management, and international market outlook, enabling the Company to develop steadily and expand internationally and allowing the Company to operate towards sustainable development. 3. There are none of the circumstances of Article 30 of the Company Act.	Has a kinship relationship within the second degree with Lin, Chi-Uo, the representative of the legal person director Ji Uo Co., Ltd.	None
You Zhen Co., Ltd. Representative : Lin, Chi-Uo	1. President of the Company 2. Mr. Lin, Chi-Uo has various professional abilities in operations management, leadership and decision-making, crisis management, industrial knowledge, sustainable management, and international market outlook, enabling the Company to develop steadily and expand internationally and allowing the Company to operate towards sustainable development. 3. There are none of the circumstances of Article 30 of the Company Act.	Has a kinship relationship within the second degree with Lin, Chi-Chin, the Chairman.	None

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
Huang, Kuo-Chen	<ol style="list-style-type: none"> 1. Director of the Company 2. Director Huang, Kuo-Chen once served as the chair of the supervisors of Yuanlin Credit Cooperative, and he has served as a director of the Company for many years. He has professional abilities in financial management, accounting affairs, etc., and he continues to make major decisions on the Board of Directors of the Company with the other directors, enabling the Company to move towards better development and achieve the goal of sustainable management. 3. There are none of the circumstances of Article 30 of the Company Act. 	There is no spousal relationship or kinship relationship within the second degree among the directors.	None
Chen, Chin-I	<ol style="list-style-type: none"> 1. Director of the Company 2. Mr. Chen, Chin-I once served as the head of the audit department of the head office of Changhua Bank, and he has served as a supervisor of the Company for many years. He has professional abilities in finance, accounting and audit affairs, and he continues to make major decisions on the Board of Directors of the Company with the other directors, enabling the Company to move towards better development and achieve the goal of sustainable management. 3. There are none of the circumstances of Article 30 of the Company Act. 	There is no spousal relationship or kinship relationship within the second degree among the directors.	None

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
Chen, Chao-Kao	<p>1. Director of the Company</p> <p>2. Mr. Chen, Chao-Kao is the chairperson of the Board of Directors of Kong Chou Construction Co., Ltd., and he has served as a supervisor of the Company for many years. He has various professional abilities in operations management, leadership and decision-making, crisis management, industrial knowledge, sustainable operations and international market outlook, and he continues to make major decisions on the Board of Directors of the Company with the other directors, enabling the Company to move towards better development and achieve the goal of sustainable management.</p> <p>3. There are none of the circumstances of Article 30 of the Company Act.</p>	There is no spousal relationship or kinship relationship within the second degree among the directors.	None
Chiu, Po-Ta	<p>1. Director of the Company</p> <p>2. Mr. Chiu, Po-Ta is the chairperson of Lih Hsin Industrial & Trading Co., Ltd. He once served as the managing supervisor of the Import and Export Association, the executive director of the Sino-Indonesia Cultural and Economic Association, the supervisor of the Taichung World Trade Center, and a consultant of Jinding Securities, and he has served as a supervisor of the Company for many years. He has various professional abilities in operations management, leadership and decision-making, crisis handling, industrial knowledge, finance, sustainable management, and international market outlook, and he continues to make major decisions on the Board of Directors of the Company with the other directors, enabling the Company to move towards better development and achieve the goal of sustainable management.</p> <p>3. There are none of the circumstances of Article 30 of the Company Act.</p>	There is no spousal relationship or kinship relationship within the second degree among the directors.	None

Condition Name	Professional qualifications and experience	Independence status	Number of independent director positions concurrently served in other public companies
Lin, Chen-Chih	<ol style="list-style-type: none"> 1. Independent director, member of the Audit Committee, member of the Remuneration Committee of the Company. 2. Mr. Lin, Chen-Chih is the president of Odi Company. He has various professional abilities in operations management, leadership and decision-making, crisis management, industrial knowledge, sustainable management, and international market outlook. During his tenure as an independent director of the Company, he has provided appropriate suggestions and guidance for the Company's operations and operations analysis. The Company relies on Mr. Lin, Chen-Chih's expertise to continuously supervise its operation. 3. There are none of the circumstances of Article 30 of the Company Act. 	<p>The following three independent directors:</p> <ol style="list-style-type: none"> 1. All meet the independence qualification of independent directors. 2. Fully comply with independence requirements: <ol style="list-style-type: none"> (1) The person, their spouse, or any relative within the second degree of kinship have not served as a director, supervisor, or employee of the Company or any other affiliated enterprise. 	None
Lin, Chen-Chih	<ol style="list-style-type: none"> 1. Independent director, member of the Audit Committee, member of the Remuneration Committee of the Company. 2. Mr. Lin, Chen-Chih is the president of Odi Company. He has various professional abilities in operations management, leadership and decision-making, crisis management, industrial knowledge, sustainable management, and international market outlook. During his tenure as an independent director of the Company, he has provided appropriate suggestions and guidance for the Company's operations and operations analysis. The Company relies on Mr. Lin, Chen-Chih's expertise to continuously supervise its operation. 3. There are none of the circumstances of Article 30 of the Company Act. 	<ol style="list-style-type: none"> (2) The person, their spouse, or any relative within the second degree of kinship have not held the Company's shares. (3) Has not served as a director, supervisor or employee of a company with a specific relationship with the Company (by reference to Article 6, paragraph 1, subparagraphs 5 to 8 of 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). 	None
Lin, Shu-Hui	<ol style="list-style-type: none"> 1. The Company's independent director, Audit Committee member, Remuneration Committee member 2. Shu-Hui Lin previously served as Assistant Manager of the Underwriting Department at Taiwan International Securities Co., Ltd., where she assisted companies in going public. She also held positions as Finance and Accounting Manager at Hsin Yung Chien Co., Ltd. and Lactozyme Enterprise Co., Ltd., gaining extensive experience in accounting and financial analysis. She is currently a financial advisor at Pets Mall Co., Ltd., providing the company with professional advice and guidance on operations, finance, and business analysis. The company continues to benefit from Shu-Hui Lin's expertise in overseeing its operations. 3. There are none of the circumstances of Article 30 of the Company Act. 	<ol style="list-style-type: none"> (4) No amount of remuneration has been received from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years. 	

(IV) Diversification and independence of the Board of Directors:

(1) Diversification of the Board of Directors:

Based on the Company's diversification policy, strengthening corporate governance, and promoting the development of a sound composition and structure of the Board of Directors, the candidate nomination system is adopted for the nomination of candidates for directors of the Company. Candidates are nominated in accordance with the provisions of the Articles of Association to evaluate the qualifications of candidates, measure their professional background, credibility, or relevant professional qualifications, etc. After the nomination are approved by the Board of Directors, they are sent to the shareholders' meeting for election.

The diversification core items of directors are as follows:

Board members generally have the knowledge, skills, and accomplishments necessary for performing their duties. To achieve the ideal goal of corporate governance, the overall capabilities of the Board of Directors are as follows:

1. Operational judgment ability.
2. Accounting and financial analysis ability.
3. Operations management ability.
4. Crisis management ability.
5. Industrial knowledge.
6. International market outlook.
7. Leadership.
8. Decision-making ability.

(2) At present, there are 9 directors. The implementation of diversification by all directors is as follows:

The 20th Board of Directors consists of 9 members, and the implementation of board diversity is as follows:

Management goal	Achievement status
One additional female director was added	Achieve
Decline the average age of directors	Achieve

* The directors of this term are all Taiwanese and male. At least one female director will be added in the next term, with the goal of increasing the ratio of female directors to 11%.

* The proportion of directors who are also employees is 22%, the proportion of independent directors is 33%, and the proportion of directors who are not employees is 45%.

* There are 1 director aged 51-60, There are 2 directors aged 61-70, 4 directors aged 71-80, and 2 directors aged 81-90.

* Term of office of directors: 4 directors above 9 years, and 4 directors below 5 years and 1 director below 3 years.

Implementation of diversification by directors :

A. basic component

Title	Name of director	Nationality	Gender	Positions concurrently held at the Company	Age	Term and seniority of independent directors
Director	Lin, Chi-Chin	Republic of China	Male	V	71-80	Over 9 years
Director	Lin, Chi-Uo	Republic of China	Male	V	61-70	Over 9 years
Director	Huang, Kuo-Chen	Republic of China	Male		71-80	Over 9 years
Director	Chen, Chin-I	Republic of China	Male		81-90	Under 5 years
Director	Chen, Chao-Kao	Republic of China	Male		61-70	Under 5 years
Director	Chiu, Po-Ta	Republic of China	Male		81-90	Under 5 years
Independent Director	Lin, Chen-Chih	Republic of China	Male		71-80	Over 9 years
Independent Director	Lin, Chin-An	Republic of China	Male		71-80	Under 5 years
Independent Director	Lin, Shu-Hui	Republic of China	female		51-60	Under 3 years

B. Professional background

Title	Name of director	Operations management	Leadership and decision-making	Industrial knowledge	Finance and accounting	Crisis management
Director	Lin, Chi-Chin	V	V	V	V	V
Director	Lin, Chi-Uo	V	V	V		V
Director	Huang, Kuo-Chen	V			V	V
Director	Chen, Chin-I	V			V	V
Director	Chen, Chao-Kao	V	V	V		V
Director	Chiu, Po-Ta	V	V			V
Independent Director	Lin, Chen-Chih	V	V			V
Independent Director	Lin, Chin-An	V			V	V
Independent Director	Lin, Shu-Hui	V			V	V

(3) Independence of the Board of Directors:

The Company currently have 9 members on the Board of Directors. As of the end of 2024, all the independent directors had complied with the regulations for independent directors of the Securities and Futures Bureau of the FSC, and there were no circumstances under paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act between directors and independent directors.

The Board of Directors of the Company is independent. Please refer to the disclosure of directors' professional information and independent directors' independence information on pages 10-13 of this annual report. Please refer to the directors' information on page 8-9 of this annual report for information on the academic experience, gender, and work experience of each director.

(4) Specific management goal:

- A. The Company's Board of Directors is responsible for guiding corporate strategy, supervising management, and being accountable to the Company and its shareholders. All governance mechanisms and arrangements are designed to ensure that the Board exercises its powers in accordance with applicable laws, the Articles of Incorporation, and resolutions of the shareholders' meeting. Directors receive reports from the management team during board meetings, provide guidance and advice, and maintain effective communication with management to work together in maximizing shareholder value.
- B. Reason for not reaching one-third board representation by either gender: The Company places great importance on gender equality in the composition of the Board of Directors. One additional female director has been added in the current term, and the Company aims to gradually increase the proportion of female directors in future terms, with the goal of reaching one-third representation.
- C. In the current term, more than half of the independent directors have not served more than three consecutive terms. The Company aims to ensure that, starting from the next election, no independent director will serve more than three consecutive terms.

(V)President, vice presidents, assistant vice presidents, and heads of departments and branches:

March 24, 2025; unit: share: %

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Number of shares held in the names of others		Major experience and educational background	Positions concurrently held at other companies	Managers with a spousal relationship or kinship relationship within the second degree			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholdi ng ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Lin, Chi- Uo	Male	May 2002	157,281	0.20%	0	0.00%	-	-	Graduated from the Institute of Business Management, Daye University	-	-	-	-	-
Executive Vice President	Republic of China	Li, Chiung- Tung	Male	August 2019	2,403	0.00%	10,656	0.01%	-	-	Factory Affairs Director, Sanjiu Building Materials Co., Ltd. Graduated from the Enterprise Management Institute of Chaoyang University of Technology	-	-	-	-	-
Manager, Production Department	Republic of China	Chou, Yi- Shang	Male	June 2004	434,006	0.56%	42,722	0.03%	-	-	Universal Scientific Industrial Co., Ltd. Graduated from the Enterprise Management Institute of Chaoyang University of Technology	-	-	-	-	-
Manager, R&D Center	Republic of China	Chang, Wei-Hsiu	Male	March 2012	-	-	-	-	-	-	Kung Long Batteries Industrial Co., Ltd. Hardinge Taiwan Precision Machinery Limited Industrial Engineering Research Institute of Chaoyang University of Technology	-	-	-	-	-
Accounting Supervisor and Corporate	Republic of China	Lin, Chiu- Hung	Female	August 2011	4,465	0.01%	-	-	-	-	Graduated from the Accounting Department, Providence University	-	-	-	-	-

Title	Nationality	Name	Gender	Date of election (appointment)	Shareholding		Shares held by spouse and minor children		Number of shares held in the names of others		Major experience and educational background	Positions concurrently held at other companies	Managers with a spousal relationship or kinship relationship within the second degree			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholdi ng ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
Governance Supervisor											Deputy Manager, PricewaterhouseCoop ers Taiwan Audit Director, Hsin Yung Chien Co., Ltd.					
HR Manager	Republic of China	Lin, Feng-l	Female	March 2012	3,821	0.00%	-	-	-	-	Sen Yong Industrial Information Secretary Information Specialist, Mobiletron Electronics Co., Ltd. Cost Accountant, Yangtie Factory Graduated from the Enterprise Management Institute of Chaoyang University of Technology	-	-	-	-	-

II. Remuneration of directors, supervisors, president and vice presidents:

1. Remuneration of directors (including independent directors):

Title	Name	Remuneration of directors								Total amount of items A, B, C, and D as a proportion of the net profit after tax				Relevant remuneration received for concurrently serving as employee								Total amount of items A, B, C, D, E, F, and Gas a proportion of the net profit after tax				Remuneration from reinvested enterprises other than subsidiaries or the parent company
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C) (Note 1)		Business execution expenses (D)						Retirement pension (B)		Directors' remuneration (C) (Note 1)		Business execution expenses (D)								
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report			
																		Cash	Stock	Cash	Stock					
Director	Lin, Chi-Chin	-	-	-	-	3,327	3,327	36	36	3,363	0.84%	3,363	0.84%	1,756	1,756	-	-	269	-	269	-	5,388	1.35%	5,388	1.35%	None
Director	Ji Uo Investment Co., Ltd. - Representative: Lin, Chi-Uo	-	-	-	-	3,275	3,275	36	36	3,311	0.83%	3,311	0.83%	762	762	-	-	356	-	356	-	4,429	1.11%	4,429	1.11%	None
Director	Huang, Kuo-Chen	-	-	-	-	170	170	120	120	290	0.07%	290	0.07%	-	-	-	-	-	-	-	-	290	0.07%	290	0.07%	None
Director	Chen, Chao-Kao	-	-	-	-	170	170	120	120	290	0.07%	290	0.07%	-	-	-	-	-	-	-	-	290	0.07%	290	0.07%	None
Director	Chen, Chin-I	-	-	-	-	170	170	120	120	290	0.07%	290	0.07%	-	-	-	-	-	-	-	-	290	0.07%	290	0.07%	None
Director	Chiu, Po-Ta	-	-	-	-	170	170	120	120	290	0.07%	290	0.07%	-	-	-	-	-	-	-	-	290	0.07%	290	0.07%	None

- Please explain the remuneration policy, system, standard and structure of independent directors, and explain the relevance to the amount of remuneration paid according to such factors as responsibilities, risks, investment time and so on:
The Company's Articles of Incorporation clearly stipulate that no more than 3% of the annual profit shall be used as director's remuneration and 1.5% of the pre-tax net profit for the year shall be set aside as director's remuneration in accordance with the resolution of the Board of Directors. Since all independent directors serve as members of the Audit Committee and the Remuneration Committee, they are responsible for participating in discussions and resolutions at committee meetings. Therefore, their business execution remuneration is higher than that of ordinary directors.
- Except as disclosed in the table above, the remuneration received by directors of the company for their services (such as serving as non-employee consultants of the parent company/all companies in the financial report/reinvested enterprises) in the most recent year: None.

Note 1: The disclosed earnings distribution content is the 2024 earnings distribution approved by the Board of Directors resolution on February 26, 2025. The earnings distribution has yet to be reported at the 2024 shareholders' meeting, so it has not yet been actually distributed. The director's remuneration and employee remuneration disclosed in the above table are provisional estimates.

Note 2: After the re-election of the Board of Directors, the term of Independent Director Chen, Chun-Jen expired on May 15, 2024, and Independent Director Shu-Hui Lin was appointed on the same day.

Title	Name	Remuneration of directors								Total amount of items A, B, C, and D as a proportion of the net profit after tax				Relevant remuneration received for concurrently serving as employee								Total amount of items A, B, C, D, E, F, and Gas a proportion of the net profit after tax				Remuneration from reinvested enterprises other than subsidiaries or the parent company
		Remuneration (A)		Retirement pension (B)		Directors' remuneration (C) (Note 1)		Business execution expenses (D)						Retirement pension (B)		Directors' remuneration (C) (Note 1)		Business execution expenses (D)								
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report					
																Cash	Stock	Cash	Stock							
Independent Director	Lin, Chen-Chih	-	-	-	-	170	170	190	190	360	0.09%	360	0.09%	-	-	-	-	-	-	-	-	360	0.09%	360	0.09%	None
Independent Director	Lin, Chin-An	-	-	-	-	170	170	190	190	360	0.09%	360	0.09%	-	-	-	-	-	-	-	-	360	0.09%	360	0.09%	None
Independent Director	Chen, Chun-Jen (Note 2)	-	-	-	-	71	71	100	100	171	0.04%	171	0.04%	-	-	-	-	-	-	-	-	171	0.04%	171	0.04%	None
Independent Director	Lin, Shu-Hui (Note 2)	-	-	-	-	99	99	90	90	189	0.05%	189	0.05%	-	-	-	-	-	-	-	-	189	0.05%	189	0.05%	None

2. Remuneration of president and vice presidents:

Unit: NT\$1,000

Unit: NT\$,000

Job title	Name	Salary (A)		Retirement pension (B)		Bonuses, special expenditures, etc. (C)		Employee remuneration amount (D) (Note 1)				Ratio of the total amount of A, B, C and D vs. net profit after tax (%)				Remuneration received from investee companies outside of subsidiaries, or from the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements			
								Amount in cash	Amount in shares	Amount in cash	Amount in shares					
President	Lin, Chi-Uo	762	762	31	31	-	-	356	-	356	-	1,149	0.29%	1,149	0.29%	None
Executive Vice President	Li, Chiung-Tung	850	850	-	-	-	-	3,000	-	3,000	-	3,850	0.97%	3,850	0.97%	

3. Names of managers who are distributed employees' remuneration and the distribution status:

unit: NT\$ thousand

	Title	Name	Stock amount	Cash amount (Note)	Total	Proportion of total amount in net profit after tax (%)
Manager	Chairman	Lin, Chi-Chin	-	5,175	5,175	1.30%
	President	Lin, Chi-Uo				
	Executive Vice President	Li, Chiung-Tung				
	Manager	Chou, Yi-Shang				
	Manager	Chang, Wei-Hsiu				
	Manager	Lin, Chiu-Hung				
	Manager	Lin, Feng-I				

4. Compare and explain the proportion of the total remuneration paid by the Company and all companies in the consolidated statements to its directors, supervisors, president, and vice presidents in the last two years to the after-tax net income of the individual financial report, and explain the policies, standards, and procedures for remuneration payment, as well as the relevance to business performance and future risks:

(1) Analysis of the proportion of the total remuneration to the after-tax net income of the individual financial report in the last two years

Title	2023		2024	
	The Company	All companies in the financial report	The Company	All companies in the financial report
Directors	2.83%	2.83%	3.03%	3.03%
President and vice presidents	1.07%	1.07%	1.26%	1.26%
Total	3.9%	3.9%	4.29%	4.29%

The ratio of remuneration paid by the Company in 2024 to net income after tax slightly increased compared to 2023, mainly due to a decrease in net income after tax in 2024, which resulted in a relatively higher ratio.

(2) The policy, standard and combination of remuneration, procedure for setting remuneration, and the relationship with business performance and future risk are described as follows:

A. The remuneration of directors and managers of the Company is distributed according to the Articles of Association, which are as follows:

Article 21: The remuneration of the directors of the Company shall be determined by the Board of Directors in accordance with the general standards of the industry.

Article 22: HYC may establish managers, whose appointment, removal and remuneration shall be in accordance with the Company Act; the retirement of the appointed managers shall be handled in accordance with the retirement rules for the appointed managers of the Company.

Article 24: After making up the losses, if there is any balance in the current year's profit before tax, HYC shall allocate no less than 2% as employees' remuneration, and no more than 3% as the directors' remuneration. Employees' remuneration may be paid in stock or cash, and may be paid to employees of affiliated companies who meet certain conditions. The distribution of employees' remuneration and directors' remuneration shall be made by a resolution adopted by the Board of Directors at which more than two-thirds of the directors are present and the proposal approved by a majority of the directors present, and it shall be reported to the shareholders' meeting.

B. Link between performance evaluation and remuneration of directors and managers:

The Company's director remuneration is in accordance with the provisions of the Articles of Incorporation, and the Board of Directors has resolved to allocate 1.5% of the current year's net profit before tax as director remuneration. In addition to referring to industry standards, director remuneration evaluation criteria incorporate financial indicators (net profit after tax achievement rate, operating efficiency and contributions), non-financial indicators, (meeting attendance rate, training hours, sustainable development) and so on and they are reported to the Remuneration Committee.

Manager remuneration includes salary and bonus. Salary refers to industry standards, job responsibilities, professional abilities, and other items. Employee bonuses take into account various evaluation criteria of managers, including financial indicators (revenue achievement rate, operating profit achievement rate, and net profit after tax achievement rate), non-financial indicators (legal compliance, major deficiencies in operating risk matters and special contributions) and talent cultivation. These criteria are determined by the chairman of the board based on operating performance and reported to the Remuneration Committee.

III. Corporate Governance Operation Status

(I) Operation status of the board of directors

The board of directors held 6 (A) meetings in the past year (2024), and the attendance status is as follows:

Title	Name	Number of actual (non-voting) attendances B	Number of attendances by proxy	Actual (non-voting) attendance rate (%) [B/A]	Remark
Chairman	Lin, Chi-Chin	1	2	33%	expired on May 15, 2024
Chairman	Ji Wng Cheng Co., Ltd. Representative : Lin, Chi-Chi	0	3	0%	Appointed on May 15, 2024
Director	Ji Uo Investment Co., Ltd. Representative: Lin, Chi-Uo	3	-	100%	expired on May 15, 2024
Director	You Zhen Co., Ltd. Representative: Lin, Chi-Uo	3	-	100%	Appointed on May 15, 2024
Director	Huang, Kuo-Chen	6	-	100%	
Director	Chen, Chin-I	6	-	100%	
Director	Chen, Chao-Kao	6	-	100%	
Director	Chiu, Po-Ta	6	-	100%	
Independent Director	Lin, Chen-Chih	6	-	100%	
Independent Director	Lin, Chin-An	6	-	100%	
Independent Director	Chen, Chun-Jen	3	-	100%	expired on May 15, 2024
Independent Director	Lin, Shu-Hui	2	1	67%	Appointed on May 15, 2024

Other matters to be recorded:

I. In case of any of the following circumstances in the operation of the Board of Directors, state the date of the board meeting, session, content of the proposal, opinions of all independent directors, and the company's handling of the opinions of independent directors:

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

Please refer to pages 80 to 82 of the annual report for the contents of the resolutions. None of the independent directors had objections to the matters listed in Article 14-3 of the Securities and Exchange Act, and the proposal was passed accordingly.

(II) Except for the matters referred to in the preceding paragraph, other matters decided by the Board of Directors with objections or reservations by independent directors that have been recorded or stated in writing: No such situation.

II. For the implementation of the directors' recusal for proposals involving personal interests, state the name of the director, the content of the proposal, the reason for recusal, and the status of their participation in voting:

Board meeting date	Content of the proposal	Name of director with recusal for personal interest	Reason for recusal	Status of their participation in voting
2024.08.08	Discussion of the individual distribution of directors' remuneration for the year 2023, which was approved by the Remuneration Committee on August 8, 2024.	Attending directors	Directors present shall avoid their respective interest issue in accordance with the law when discussing their own remuneration.	Passed accordingly after consultation by the presiding chair with the remaining directors present

III. TWSE/TPEX listed companies shall disclose information such as the evaluation cycle and period, evaluation scope, method, and evaluation content of the Board of Directors' self (or peer) evaluation: The Company has submitted the implementation status of the 2024 performance evaluation of the Board of Directors to the Board of Directors on February 22, 2024, and the evaluation results are excellent.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Not once every year	January 1, 2024, to December 31, 2024	Board of Directors Individual board member	Internal self-evaluation of the Board of Directors and self-evaluation of board members	1. Performance evaluation items of the Board of Directors: (1) Participation in the operation of the Company, (2) Improvement of the decision-making quality of the Board of

				<p>Directors, (3)Composition and structure of the Board of Directors, selection and (4)Continuing education of the Board of Directors, (5) Internal control.</p> <p>2. Performance evaluation items for individual directors: (1)Mastery of the Company's objectives and tasks, (2)Recognition of directors' responsibilities, (3)Participation in the Company's operations, (4) internal relationship management and communication, (5)directors' professional and continuous learning, (6) internal control.</p> <p>3. Performance evaluation items for functional committees (1)Participation in the company's operations. (2)Cognition of the functional committee's responsibilities (3)Decision-making quality of the functional committee (4)Functional committees (5)Internal control</p>
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IV. Assessment of the objectives of strengthening the functions of the Board of Directors in the current year and the most recent year (such as establishing an Audit Committee, improving information transparency, etc.) and the implementation:

(1) The Company has established the Audit Committee in 2021.

- (2) In 2024, the Board of Directors of the Company held Six board meetings, which was in line with the requirement of the Rules of Procedure of Board of Directors' Meetings that the board meeting should be held at least once a quarter. Important proposals were announced on the Market Observation Post System in accordance with the law, and at the same time announced on the Company's website, so that the information was truly open and transparent.
 - (3) In 2020, the Board of Directors of the Company adopted the "Measures for the Performance Evaluation of the Board of Directors" to carry out the internal performance evaluation of the Board of Directors at least once a year.
 - (4) Strengthen professional knowledge: The Company actively provides information on various continuing education courses and encourages the Board of Directors to participate in various corporate governance courses or arrange lecturers to give lectures to the Company from time to time to strengthen the abilities of the board members. In 2024, the 9 directors had 54 hours of continuing education in total.
- (II) The operation of the Audit Committee:
In 2024 the Audit Committee held Five (A) meetings , independent directors is as follows:

Title	Name	Number of actual non-voting attendances B	Actual (non-voting) attendance rate (%) [B/A]	Remark
Independent Director	Lin, Chin-An	5	100%	convener
Independent Director	Lin, Chen-Chih	5	100%	
Independent Director	Chen, Chun-Jen	3	100%	expired on May 15, 2024
Independent Director	Lin, Shu-Hui	2	100%	Appointed on May 15, 2024

Other matters to be recorded:

- 、 In case of any following circumstances in the operation of the audit Committee meetings, state the date of the Audit Committee meeting, session, content of the proposal, content of the independent directors' objections, qualified opinions or major recommendations, resolution of the Audit Committee meeting, and the company's handling of the opinions of the Audit Committee members.

(I) Items listed in Article 14-5 of the Securities and Exchange Act.

Meeting date	Proposal content	Resolution	Matters listed in Article 14-5 of the Securities and Exchange Act	Resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors	The Company's disposal of the Audit Committee's opinion
2024.01.24 13rd meeting of the 1st term	In accordance with the provisions of the Company's Articles of Incorporation, the remuneration of directors and supervisors for 2023 and the expected allocation ratio for 2024 are proposed.	After the chairman's consultation with all attending members, the proposal was passed accordingly and sent to the board meeting for resolution.	V	-	After the chairman's consultation with all attending members, the proposal was passed accordingly.
2024.02.22 14th meeting of the 1st term	1. Internal audit report by the internal audit supervisor.	After the chairman's consultation with all attending members, the proposal was passed accordingly and sent to the board meeting for resolution.	V	-	After the chairman's consultation with all attending members, the proposal was passed accordingly.
	2. Internal Control System Effectiveness Assessment and Internal Control System Declaration for 2023.		V	-	
	3. Assessment of independence and competency of CPAs for 2024.		V	-	
	4. Distribution of employees' remuneration and directors' remuneration for 2023.		V	-	
	5. 2023 business report and financial statements.		V	-	
	6. 2023 earnings distributions.		V	-	

2024.05.09 15rd meeting of the 1st term	1. Internal audit report by the internal audit supervisor.	After the chairman's consultation with all attending members, the proposal was passed accordingly and sent to the board meeting for resolution	V	-	After the chairman's consultation with all attending members, the proposal was passed accordingly.
	2. Financial statements for 2024 Q1.		V	-	
	3. Amendment of the Rules of Procedure for Board meetings		V	-	
	4. Amendment of Organizing Procedures of Audit Committee.		V	-	
	5. Amendment of Regulations for Delegation of Authority and Proxy Management.		V	-	
2024.08.08 1st meeting of the 2nd term	1. Internal audit report by the internal audit supervisor.	After the chairman's consultation with all attending members, the proposal was passed accordingly and sent to the board meeting for resolution.	V	-	After the chairman's consultation with all attending members, the proposal was passed accordingly.
	2. Financial report for Q2 2024.		V	-	
	3. Respective directors' remuneration for 2023.		V	-	
2024.11.07 2nd meeting of the 2nd term	1. Internal audit report by the internal audit supervisor.	After the chairman's consultation with all attending members, the proposal was passed accordingly and sent to the board meeting for resolution.	V	-	
	2. Formulation of the annual audit plan according to Article 13 of the Regulations Governing Establishment of Internal Control Systems by Public Companies.		V	-	After the chairman's consultation with all attending members, the proposal was passed accordingly.

2024.11.07 2nd meeting of the 2nd term	3. Establishment of Sustainability Information Management Guidelines.		V	-	
	4. Amendment of Organizing Procedures of Audit Committee.		V	-	
	5. Establishment of Risk Management Policy and Procedures.		V	-	
	6. Financial statements for 2024 Q3.		V	-	

- (II) Except for the matters mentioned above, other matters not approved by the Audit Committee meeting but approved by more than two-thirds of all directors:
No such situation.
- II. For the implementation of the independent directors' recusal for proposals involving personal interests, state the name of the director, the content of the proposal, the reason for recusal, and the status of their participation in voting: No such situation.
- III. The communication between the independent directors and the internal audit supervisor and the CPAs (which shall include the major matters, methods and results of communication regarding the company's financial and business conditions).
- (I) The internal audit supervisor submits the audit report of the previous month to the independent directors by the end of each month. The independent directors can directly communicate with the audit supervisor.
- (II) The auditors track the improvement of internal control deficiencies and anomalies, and prepare a tracking report to submit to the independent directors.
- (III) The audit supervisor also attends the Audit Committee meeting as a non-voting delegate to provide relevant information to the independent directors.
- (IV) In addition to reporting to the independent directors on the audit or review of the financial reports, the CPAs of the Company hold at least one legal promotion meeting at the Company every year to update the new knowledge of fiscal and tax laws and regulations and the countermeasures for the related impacts. The independent directors and the CPAs may contact each other at any time by email, telephone or meeting as required. The independent directors and the CPAs of the Company maintain good communication.
- (V) The communication between the independent directors and the internal audit supervisor and the CPAs in 2024 was as follows:
Communication took place without the presence of general directors and management. Please refer to page 37-38 of this annual report for the meeting date and communication matters.

Communication of independent directors with internal audit supervisors and CPAs

Date	Communication object	Matter communicated	Nature of communication	Result
2024.01.24	The Company's audit supervisor	Internal audit business execution report	Audit Committee	No objection
2024.02.22	The Company's audit supervisor	Internal audit business execution report Internal control system self-evaluation results	Audit Committee	No objection
		2023 Internal Control System Declaration Amendment to the "Procedures for Acquisition or Disposal of Assets". Amendment to the "Corporate Social Responsibility Best Practice Principles". Amendment to the "Corporate Governance Best Practice Principles". Amendment to the "Management Procedures for Prevention of Insider Trading".		Submitted to the board meeting for resolution after review
	The Company's CPAs	Explanation of the basis, opinions, scope, and key audit points for financial report audit	Audit Committee	No objection
2024.05.09	The Company's audit supervisor	Internal audit business execution report	Audit Committee	No objection
		Amendment of the Rules of Procedure for Board Amendment of Organizing Procedures of Audit Committee		Submitted to the board meeting for resolution after review

	The Company's CPAs	Explanation of the basis, opinions, scope, and key audit points for financial report audit	Audit Committee	No objection
2024.08.08	The Company's audit supervisor	Internal audit business execution report	Audit Committee	No objection
	The Company's CPAs	Explanation of the basis, opinions, scope, and key audit points for financial report audit	Audit Committee	No objection
2024.11.07	The Company's audit supervisor	Internal audit business execution report	Audit Committee	No objection.
		2025 audit plan Establishment of Sustainability Information Management Establishment of Risk Management Policy and Procedures		Submitted to the board meeting for resolution after review
	The Company's CPAs	Explanation of the basis, opinions, scope, and key audit points for financial report audit	Audit Committee	No objection

(III) The company's corporate governance operation and its differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the reasons:

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
I. Has the company formulated and disclosed its corporate governance best practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		The Company has formulated the "Corporate Governance Best Practice Principles" in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" and posted them on the Company's website for inquiry.	No material difference.
II. Company equity structure and shareholders' equity	✓		(I) The Company has dedicated personnel responsible for matters related to stock affairs and a spokesperson and acting spokesperson system to deal with matters proposed by shareholders, and has legal advisers to consult on relevant legal issues.	No material difference.
(I) Has the company established internal operating procedures to deal with shareholders' suggestions, doubts, disputes and litigation, and implemented them in accordance with the procedures?				
(II) Does the company have a list of the major shareholders who actually control the company and the final controllers of these major shareholders?	✓		(II) The structure of major shareholders is understood and grasped through the regular reporting of changes in shareholdings of directors, supervisors and managers by the stock affairs agency.	
(III) Has the company established and implemented risk control and firewall	✓		(III) The Company had no affiliated enterprises in 2024. If there are affiliated enterprises,	

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
<p>mechanisms between itself and affiliated enterprises?</p> <p>(IV) Has the company established internal regulations that prohibit insiders of the company from trading securities using non-public information on the market ?</p>	✓		<p>they will be controlled and audited by the head office in accordance with the “Subsidiary Supervision Operations” formulated by the Company.</p> <p>(IV) The Company has formulated the “Procedures for Internal Material Information Processing”, “Ethical Corporate Management Best Practice Principles”, and “Management Operations for Preventing Insider Trading”, which are applicable to the directors, managers, and employees of the Company. Insiders and employees are regulated to avoid conflicts of interest related to their duties and disclose the unpublished information they know to others to prevent insider trading, and regular internal training and publicity are conducted every year.</p>	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Has the Board of Directors formulated diversification policies, specific management objectives and</p>	✓		<p>1. The “Corporate Governance Best Practice Principles” and “Procedures for the Selection of Directors” formulated by the</p>	No material difference.

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
implemented them?			<p>Company set the policy that the diversification of the composition of the Board of Directors should be considered. At present, the directors are all persons with professional backgrounds related to finance and business. They all have different expertise in various fields, which is helpful for the development and operation of the Company. Among the 9 members of the 20th term of the Board of Directors of the Company, in addition to Chairman Lin, Chi-Chin and President Lin, Chi-Uo, Director Huang, Kuo-Chen excels at finance and accounting; Director Lin, Chen-Chih excels at business management and marketing; Director Chen Chin-I ;Director Chiu, Po-Ta and Director Lin, Shu-Hui specialize in financial affairs, audit affairs and securities; Director Chen, Chao-Kao is familiar with the construction industry. Each director has their own professional background, professional skills and experience.</p>	

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(II) In addition to the salary and Remuneration Committee and Audit Committee established in accordance with the law, has the company voluntarily established other functional committees?		✓	(II) Please refer to page 10-13 of this annual report for the Board of Directors' diversification policy, specific management objectives and implementation. In addition to the Remuneration Committee and Audit Committee set up in accordance with the law, the remaining corporate governance operations are the responsibility of each department, and no other functional committees have been established; their establishment will be evaluated as needed in the future.	
(III) Has the company established performance evaluation measures and evaluation methods for the Board of Directors, conducted annual and regular performance evaluation, submitted the results of the performance evaluation to the Board of Directors, and used the results as a reference for individual directors' remuneration and nomination for reappointment?	✓		(III) In 2020, the Company adopted measures for the performance evaluation of the Board of Directors to conduct an internal performance evaluation of the Board of Directors once a year, and it may entrust an external professional independent institution or an external team of experts and scholars to perform the evaluation as needed; it is also disclosed on the Company's website, annual report, and MOPS as required.	

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(IV) Does the company regularly evaluate the independence of the CPAs?	✓		<ol style="list-style-type: none"> 1. On January 17, 2020, the Board of Directors adopted the “Measures for Performance Evaluation of the Board of Directors”. 2. The 2024 performance evaluation of the Board of Directors was submitted to the Board of Directors on February 26, 2025. Please refer to page 31-32 of this annual report for the evaluation results. 3. The performance appraisal results of each director are used as reference for individual salary, remuneration, and nomination for reappointment. <p>(IV) The Company’s Audit Committee annually evaluates the independence and capability of the certifying CPAs. In addition to requiring the certifying CPAs to provide a “Detached Independence Statement” and “Audit Quality Indicators (AQIs)”, the Committee conducts the evaluation based on the standards in note 1 and the 13 AQIs.</p>	

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
			<p>After confirmation, except the certification and financial tax case, the CPAs have no other financial interests or business relationships with the Company, and the family members of the CPAs do not violate the independence requirement. After referring to the AQI information, it is confirmed that the CPAs and the CPA firm have audit experience and training hours that are superior to the industry average. In addition, Pwc Global and Taiwan have developed a series of digital tools to assist in data analysis based audit work, thus reducing audit risks and improving efficiency. The evaluation results of the past year have been discussed and approved by the Audit Committee on February 26, 2025, and submitted to the board meeting on February 26, 2025 for approval of the independence and capability evaluation of CPAs.</p>	
IV. Has the TWSE/TPEX listed company allocated competent and an appropriate	✓		Through the resolution of the Board of Directors on November 6, 2020, the Company appointed	No material difference.

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
number of corporate governance personnel, and designated a corporate governance supervisor to be responsible for corporate governance related matters (including but not limited to providing the information necessary for directors and supervisors to perform business, assisting directors and supervisors in complying with laws and regulations, handling matters related to board meetings and shareholders' meeting in accordance with the law, and preparing minutes of board meetings and shareholders' meetings, etc.)?			Manager Lin, Chiu-Hung of the Finance Department as the corporate governance supervisor to protect shareholders' rights and strengthen the functions of the Board of Directors. Manager Lin, Chiu-Hung has more than three years of experience in the management of finance, stock affairs and rules of procedure of public companies. The main responsibilities of the corporate governance supervisor are to handle matters related to board meetings and shareholders' meetings in accordance with the law, prepare minutes of board meetings and shareholders' meetings, assist directors and supervisors in taking up their posts and their continuing education, provide information necessary for directors and supervisors to carry out their business, assist directors and supervisors in complying with laws and regulations, etc. Manager Lin, Chiu-Hung has completed 12 hours of continuing education in 2024 in accordance with the regulations. Please refer to page 75 of this annual report for the relevant continuing education.	

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
V. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a section for stakeholders on the company's website, and properly responded to important corporate social responsibility issues of concern to stakeholders?	✓		(I)The Company has a spokesperson and an acting spokesperson in place. The relevant contact information is announced on the MOPS in accordance with the regulations, and finance and stock related information is announced on the MOPS and the Company's website to establish a good communication channel with investors. (II)The Company has set up a "Stakeholder Area" on the official website and lists main stakeholders based on operating attributes and a 2024 performance summary report on stakeholder communication, and has reported the communication status with each stakeholder to Board of Directors on November 7, 2024. We also set up exclusive contact numbers and e-mails according to different natures of stakeholders, with the responsible units responsible for handling.	No material difference.
VI. Does the company appoint a professional stock affairs agency to handle the shareholders' meeting affairs?	✓		The Company has appointed the Stock Transferdept, Cpatial Securities Corp. , Ltd. to handle various stock affairs.	No material difference.
VII. Information disclosure (I) Has the company set up a website to	✓		(I)Financial business, corporate governance, and	No material

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
disclose financial business and corporate governance information?			other information is disclosed on the Company website, which is: www.hyc-king.com	difference.
(II) Does the company adopt other methods of information disclosure (such as setting up an English website, appointing a special person to be responsible for the collection and disclosure of company information, implementing a spokesperson system, placing investor conferences on the company website, etc.)?	✓		(II) The Company has designated special personnel to be responsible for the Company's information collection and disclosure of significant information; a spokesperson system has been set up to uniformly release information to the outside world.	
(III) Has the company announced and filed its annual financial report within two months after the end of the fiscal year, and announced and filed its first, second, and third quarter financial reports and monthly operating conditions before the prescribed time limit?	✓		(III) Although the Company did not announce and file its annual financial report within two months after the end of the fiscal year, it still completed the announcement and filing within the time limit. The financial reports for the first, second and third quarters were reported in advance within the announcement period, and the operating conditions of each month were announced and filed within the period as required.	

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
VIII. Does the company have other important information that can help to understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, directors' and supervisors' continuing education, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors)?	✓		<p>(I) Employee rights and interests: The Company treats employees in good faith and protects the legitimate rights and interests of employees in accordance with the Labor Act.</p> <p>(II) Employee care: The Company provides employees with a welfare system to give them stability in their lives and a good training system, and has established a good relationship of mutual trust and interdependence with employees. For example, regular employee discussions, employee family days, and provision of cultural and recreational activities, health examination and medical consultation.</p> <p>(III) Investor relations: The Company convenes shareholders' meetings every year in accordance with the Company Act and relevant laws and regulations, and also provides shareholders with ample opportunities to ask questions or make proposals. The Company also has a spokesperson system to handle shareholder suggestions and doubts, and handles</p>	No material difference.

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
			<p>relevant information announcements and reports in accordance with the provisions of the competent authority, and provides timely information that may affect investor decision-making.</p> <p>(IV) Supplier relations: The Company establishes partnerships with suppliers on the principle of equality and mutual benefit to establish a stable supply chain, and conducts irregular audits to confirm supply quality.</p> <p>(V) Rights of interested parties: The Company maintains smooth communication channels with banks, employees, consumers, and suppliers, respects and protects their legitimate rights and interests, and has a spokesperson system to answer investors' questions, with a view to providing investors and stakeholders with highly transparent financial and business information.</p> <p>(VI) Continuing education of directors : The Company regularly provides courses on corporate governance for directors Please refer to the description on page 73-75 of this</p>	

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
			<p>annual report.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The Company has enacted various internal regulations in accordance with the law to conduct risk management and assessment.</p> <p>(VIII) Implementation of customer policies: The Marketing Department of the Company handles customer problems in a timely manner. After a customer has reported a problem, it will be handled within a time limit to protect the customer's rights. In addition, the Company has purchased product liability insurance to protect the users of products.</p> <p>(IX) The Company's purchase of liability insurance for directors and important managers: The Company purchases liability insurance for directors and important managers every year, and has submitted an explanation to the Board of Directors on November 7, 2024, regarding the amount of insurance, coverage, premium rate, and other important contents.</p>	

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	

IX. Please explain the status of improvements that have been made in accordance with the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority strengthening items and measures for those that have not been improved:

Improvements already made:

1. The Company has appointed a female director during the director re-election in 2024, demonstrating the implementation of its board diversity policy.
2. To implement corporate risk management, The Company has incorporated risk management into the Audit Committee's responsibilities and established the "Risk Management Policy and Procedures."

Priority work items for strengthening and measures: The Company has completed the preparation of the sustainability report and submitted it within the deadline set by the competent authority.

Note1: Certification of independence and competence of accountants

Assessment Item	Evaluation	Independence
There is no direct or significant indirect financial interest relationship between the certified accountant and the company.	No	Yes
There is no financing or guarantee activities between the certified accountant and the company or its directors.	No	Yes
There is no significant and close commercial relationship and no potential employment relationship between the certified accountant and the company.	No	Yes
Whether the certified accountant and audit team members have served as directors, managers or other positions with	No	Yes

Evaluation item	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
	significant impact on the audit work in the company currently or in the past two years.			
	Whether the certified accountant provides non-audit services that may directly affect the audit work to the company			No Yes
	Whether the certified accountant has any agency in the issuance of stocks or other securities by the company			No Yes
	Whether the certified accountant serves as the company's defense attorney or coordinate conflicts between the company and other third parties			No Yes
	Whether the certified accountant has any family relationship with the company's directors, managers or persons who have a significant impact on the audit case			No Yes

(IV) If the company has set up a Remuneration Committee, disclose its composition, responsibilities and operation:

1. Responsibilities of the Remuneration Committee

Members of the Remuneration Committee shall faithfully perform the following duties and responsibilities to the Board of Directors in accordance with the Organizational Rules of the Remuneration Committee and with the due care of a good manager, and shall submit their suggestions to the Board of Directors for discussion.

- (1) Formulate and regularly review the policies, systems, standards and structures for the performance evaluation and compensation of directors and managers.
- (2) Regularly evaluate and determine the salary and remuneration of directors and managers.

2. Information on the members of the Remuneration Committee

Identity (Note 1)	Condition	Professional qualifications and experience	Independence status	Number of Remuneration Committee member positions concurrently served in other public companies
	Name			
Independent Director	Lin, Chen- Chih	<ol style="list-style-type: none"> 1. Independent director, member of the Audit Committee, member of the Remuneration Committee of the Company. 2. Mr. Lin, Chen-Chih has served as a member (convener) of the Company's Remuneration Committee for more than 9 years, and has professional opinions on the appointment and dismissal of managers, the reward and remuneration system, personnel formulation, and salary measures. The Company relies on Mr. Lin, Chen-Chih's expertise to continuously supervise its operation. 3. There are none of the circumstances of Article 30 of the Company Act. 	<p>The three members on the left:</p> <ol style="list-style-type: none"> 1. All meet the independence qualification of independent directors. 2. Fully comply with independence requirements: <ol style="list-style-type: none"> (1) The person, their spouse, or any relative within the second degree of kinship have not served as a director, supervisor, or employee of the Company or any other affiliated enterprise. (2) The person, their spouse, or any relative within the second degree of kinship have not held the Company's shares. (3) Has not served as a director, supervisor or employee of a company with a specific relationship with the Company (by 	0

Identity (Note 1)	Condition	Professional qualifications and experience	Independence status	Number of Remuneration Committee member positions concurrently served in other public companies
	Name			
Independent Director	Lin, Chin- An	<ol style="list-style-type: none"> 1. Independent director, convener of the Audit Committee, member of the Remuneration Committee of the Company. 2. Mr. Lin, Chin-An has served as the manager of Changhua Bank Nantou Branch and Changhua Branch for more than 10 years. He has professional opinions on the reward system, personnel formulation and salary measures. The Company replies on Mr. Lin, Chin-An's expertise to continuously supervise its operation. 3. There are none of the circumstances of Article 30 of the Company Act. 	<p>reference to Article 6, paragraph 1, subparagraphs 5 to 8 of 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).</p> <p>(4) No amount of remuneration has been received from providing business, legal, financial, accounting and other services to the Company or its affiliated enterprises in the last two years.</p>	0
Independent Director	Lin, Shu- Hui	<ol style="list-style-type: none"> 1. The Company's independent director, Audit Committee member, Remuneration Committee member 2. Lin, Shu-Hui previously served as Assistant Manager of the Underwriting Department at Taiwan International Securities Co., Ltd., where she assisted companies in going public. She also held positions as Finance and Accounting Manager at Hsin Yung Chien Co., Ltd. and Lactozyme Enterprise Co., Ltd., gaining extensive experience in accounting and financial analysis. She is currently a financial advisor at Pets Mall Co., Ltd., providing the company with professional advice and guidance on operations, finance, and business analysis. The company continues to benefit from Shu-Hui Lin's 		0

Identity (Note 1)	Condition	Professional qualifications and experience	Independence status	Number of Remuneration Committee member positions concurrently served in other public companies
	Name			
		<p>expertise in overseeing its operations.</p> <p>3. There are none of the circumstances of Article 30 of the Company Act.</p>		

3. Information on the operation of the Remuneration Committee

- (1) There are 3 members on the Remuneration Committee of the Company.
(2) The term of office of the current member is from May 15, 2024, to May 14, 2027. The member qualifications and attendance of the Remuneration Committee (A) of the latest year (2024) were as follows:

Title	Name	Number of actual non-voting attendances (B)	Number of attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Lin, Chin-An	2	-	100%	
Member	Lin, Chen-Chih	2	-	100%	
Member	Chen, Chun-Jen	1	-	100%	expired on May 15, 2024
Member	Lin, Shu-Hui	1	-	100%	Appointed on May 15, 2024

Other matters to be recorded:

- I. Date, session, proposal content, resolution of the meetings of the Remuneration Committee in the latest year and handling of the opinions of the Remuneration Committee:

Remuneration Committee	Proposal content and subsequent handling	Resolution	The Company's handling of the opinions of the Remuneration Committee
January 24, 2024 1st session of 2024	1. Reviewed the Company's proposed distribution of directors' and supervisors' remuneration and employees' remuneration for the year 2023 in accordance with the Articles of	All members of the committee agreed and approved.	The proposal was submitted to the Board of Directors and approved by all directors present.

		<p>Association of the Company, and the projected ratio for 2024.</p> <p>2. Reviewed the Company's dividend and year-end bonus payment standards for managers for 2023.</p> <p>3. Discussed the work plan of the Remuneration Committee of the Company for 2024.</p>		
	<p>August 8, 2024</p> <p>2nd session of 2024</p>	<p>Reviewed the remuneration distribution plan of the directors and supervisors of the Company for 2023.</p>	<p>All members of the committee agreed and approved.</p>	<p>The proposal was submitted to the Board of Directors and approved by all directors present.</p>
<p>2. If the Board of Directors does not adopt or amend the suggestions of the Remuneration Committee, state the date of the board meeting, the session, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee (if the remuneration adopted by the Board of Directors is superior to the suggestions of the Remuneration Committee, state the circumstances and reasons for the differences): No such situation.</p> <p>3. If the members of the Remuneration Committee disagree or reserve their opinions on the resolutions, and there are records or written statements in place, state the date, session, content of the proposal, opinions of all members, and the handling of the opinions of the members: No such situation.</p>				

(V) The implementation of the company's promotion of sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
I. Has the company established a governance structure to promote sustainable development, and set up a dedicated (concurrent) unit to promote sustainable development, which is authorized by the Board of Directors to be handled by senior management and supervised by the Board of Directors?	✓		<p>On November 7, 2024, the Board of Directors of the Company approved the renaming of the Corporate Social Responsibility Best Practice Principles to the Sustainable Development Best Practice Principles, which serve as the guidelines for promoting sustainable development. The Human Resources Department, which is the unit concurrently responsible for promoting sustainable development, is responsible for proposing and implementing sustainable development policies, systems or related management policies and specific promotion plans, and regularly reports to the Board of Directors.</p> <p>A sustainable development promotion group has been established, with the President serving as the project leader. Under the green sustainable environmental management framework, it manages organizational and energy-related carbon reduction strategies, formulates a blueprint for the Company's short, medium and long-term low-carbon development direction, and holds monthly meetings to review the implementation</p>	No material difference.

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
			progress and report the implementation progress to the Board of Directors on a quarterly basis. The Board of Directors regularly listens to reports from the management team on a quarterly basis (including ESG reports). Management must formulate corporate strategies to the Board, which must judge the likelihood of success of those strategies, and must regularly review the progress of strategies and urge the management team to make adjustments as needed	
II. Does the company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies?	✓		The risk assessment of the information disclosed by the Company mainly focuses on the Company. Based on the principle of materiality, the Company conducts risk assessment on important issues, and formulates various internal regulations according to the assessed risks. For each risk factor category, each responsible unit of the Company conducts risk control at different levels, and plans all control work after assessment. At the same time, the Company is expected to implement the risk assessment to minimize the uncertainty of its operation. The Company also focuses on climate change, energy, resources and other issues, and sets goals and regularly reviews the	No material difference.

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
			results.	
III. Environmental issues				
(I) Has the company established an appropriate environmental management system according to its industrial characteristics?	✓		(I) The Company has obtained the ISO 14001:2015 environmental management system certification, with the latest certificate period being from August 28, 2024, to August 27, 2027. The Company continues to implement regular regulatory audits and compliance assessments in accordance with the relevant regulatory requirements of the environmental management system, so as to ensure the applicability of relevant environmental protection policies in the plants.	No material difference.
(II) Is the company committed to improving energy efficiency and using renewable materials with low impact on the environment?	✓		(II) In order to promote green production, circular economy and environmental sustainability, the Company actively develops green energy products to contribute to our environment, and entrusts qualified recycling manufacturers to recycle the waste generated in the process to reduce the amount of waste; burning waste heat is also recycled to reduce energy consumption.	
(III) Does the company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take countermeasures for climate related issues?	✓		(III) In order to respond to global warming and effectively mitigate the impact of climate change, the Company actively promotes energy conservation and carbon reduction, actively participates in energy conservation	

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons									
	Yes	No	Summary										
(IV) Does the company count the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or other waste management?	✓		<p>and carbon reduction seminars, regulatory briefings, etc., and seeks possible improvement opportunities.</p> <p>(IV) In response to the government’s policies on energy conservation and carbon reduction, the Company actively promotes various measures conducive to energy conservation and carbon reduction and the reduction of greenhouse gases. The total power consumption, water consumption and waste weight of all plants in the past two years were as follows:</p> <table><tr><td></td><td>2023</td><td>2024</td></tr><tr><td>Water consumption (1000 L)</td><td>10</td><td>11</td></tr><tr><td>Industrial waste (ton) - all harmless</td><td>507</td><td>462</td></tr></table> <p>The Company has obtained ISO50001:2018 energy management system certification and the validity of the latest certificate is from February 21, 2025 to February 20, 2028. organizational carbon inventory and conducted all-staff education and training and inventory of energy</p>		2023	2024	Water consumption (1000 L)	10	11	Industrial waste (ton) - all harmless	507	462	
	2023	2024											
Water consumption (1000 L)	10	11											
Industrial waste (ton) - all harmless	507	462											

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
			equipment, identified major energy-consuming equipment, and made improvements. This is done in order to truly understand the organization's internal greenhouse gas emissions and set clear energy conservation and carbon reduction targets. Data on greenhouse gas emissions, water consumption and the weight of total waste each year are disclosed on the Company's website.	
IV. Social issues				
(I) Has the company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	✓		(I)The Company complies with relevant labor laws and regulations, as well as international human rights conventions, such as gender equality, right to work, prohibition of discrimination, and other rights. The Company has formulated relevant management policies and procedures to fulfill its responsibility to protect human rights.	No material difference.
(II) Has the company formulated and implemented reasonable employee welfare measures (including salary, vacation, and other benefits), and appropriately reflected the business performance or results in employee compensation?	✓		(II) In order to take full care of employees, ensure their livelihood, provide good working conditions and meet their needs, in addition to providing basic security according to law, various employee welfare activities and subsidies are handled. The Company has formulated relevant remuneration, bonus and performance appraisal measures, effectively linking work performance with individual remuneration,	

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(III) Does the company provide a safe and healthy work environment for employees and conduct regular safety and health education for employees?	✓		<p>and clearly stipulated relevant provisions on employees' remuneration in the Articles of Association.</p> <p>Article 24 of the Articles of Association: After making up the losses, if there is any balance in the current year's profit before tax, the Company shall allocate no less than 2% as employees' remuneration, and no more than 3% as the directors' remuneration. Employees' remuneration may be paid in stock or cash, and may be paid to employees of affiliated companies who meet certain conditions.</p> <p>(III) The Company has obtained the ISO 45001:2018 Occupational Health and Safety Management System certification, with the latest certificate period being from October 31, 2022, to October 30, 2025. The Company conducts annual health inspection and health training for employees, regularly provides safety and health information for employees, improves employees' safety and health awareness, implements the "Safety Operation Manual" for machines, and reminds employees of work safety through training and safety observation.</p> <p>The Company experienced a total of one occupational accident in 2024, involving one person (accounting for 0.93% of the total</p>	

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(IV) Has the company established an effective career development training program for employees?	✓		number of employees at the end of 2024). Units that have experienced occupational accidents must fill in an occupational accident investigation form in accordance with the Company's factory regulations, investigate the causes, and formulate improvement countermeasures for review. Check, review and follow up have been conducted and all occupational accident cases have been improved. The Company conducts regular fire equipment inspections and emergency response drills every year. There were no fire accidents in 2024. (IV) The Company provides education and training, has established a good environment in response to operational needs and functional planning, and arranged career development training plans based on personal career suitability and career planning.	
(V) Does the company comply with relevant laws and regulations and international standards, and formulate relevant policies and appeal procedures to protect the rights and interests of consumers or customers in terms of customer health and safety, customer privacy, marketing and labeling of products and services?	✓		(V) To ensure the appropriateness of the implementation of the quality assurance system, a quality control laboratory has been set up to maintain the good quality level of products. In order to provide customers with the best products and satisfactory services, we actively pay attention to the voices of customers. In addition to having set up dedicated	

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(VI) Does the company have a supplier management policy that requires suppliers to comply with relevant specifications on issues such as environmental protection, occupational safety and health, or labor human rights, and its implementation status?	✓		<p>personnel to provide procurement services, consultation and suggestions, a dedicated email address has been set up to handle and respond to customers' opinions and suggestions.</p> <p>(VI) Before engaging with suppliers, the Company requires suppliers to follow the relevant measures for suppliers, and pays attention to whether the suppliers have records that affect the environment and social responsibility. The "Regulations on the Selection and Management of Third-party Manufacturers" stipulate that manufacturers should comply with the Company's safety, health and environmental policies; in case of any violation, the Company can terminate or rescind the contract at any time.</p>	

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
V. Has the company prepared sustainability reports and other reports that disclose non-financial information of the company by reference to internationally accepted reporting standards or guidelines? Have the aforementioned reports obtained the assurance or guarantee opinion of a third-party verification organization?	✓		The Company's corporate social responsibility related content has been disclosed on the Company's website, and the environmental safety personnel regularly report relevant environmental protection information. The Company will upload and submit the 2024 sustainability report to the Market Observation Post System (MOPS) and the Company's official website by the end of August 2025.	No material difference.
VI. If the company has established its own Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between their operations: <ol style="list-style-type: none"> 1. The Company renamed its "Corporate Social Responsibility Best Practice Principles" to "Sustainable Development Best Practice Principles" in compliance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies". 2. The Company strives to integrate corporate social responsibility into the overall operation of the Company. While engaging in enterprise operations, the Company actively practices corporate social responsibility, improves the quality of life of employees, communities and society, and promotes competitive advantages based on corporate responsibility. The actual operation is not significantly different from the Regulations. 				
VII. Other important information that will help to understand the implementation of sustainable development: <p>※2024 achievements:</p> <p>The Company adheres to the concept of building a better society, dedicating itself to charity and social welfare, and continuously gathering internal and external resources to fulfill corporate social responsibility. We actively participate in public activities through "industry-school cooperation", "education support", "community giveback", etc. to care for the township, and give back to the society.</p> <p>I. Supporting disadvantaged families:</p> <p>Long-term support for totally 9 children from disadvantaged families in terms of tuition and miscellaneous expenses, and holding regular symposiums and gatherings to care about the living and learning conditions of school children.</p> <p>II. Sponsoring local groups and deepening local cultivation:</p> <p>1. Long-term funding for the jerseys and equipment of the Nantou County Xinfeng National Baseball Team for approximately</p>				

Promotion item	Execution status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
<p>NT\$60,000 per year, allowing disadvantaged students to stay in school for centralized training and complete school curriculum. In addition to improving their moral character, this can develop their interests in sports, strengthen their body and soul and enhance their confidence and future competitiveness. Scholarships are also granted when the players win awards for encouragement.</p> <p>2. Long-term support of the funding of the Nantou County Police Friendly Association.</p> <p>3. Long-term support of the funding of Nantou County Volunteer Police Fire Brigade.</p> <p>4. Long-term support of the funding of the family support center to hold a warm-winter garden tour to help many struggling families face the cold winter of life. The period lasted for 23 years without interruption, and the Company was awarded the National Model of Child Care Award.</p> <p>5. Supporting the funding of the Nantou County Government to hold the Nantou lantern festival to promote tourism prosperity.</p> <p>6. Sponsorship of condolence funds for the navy submarine casualties and missing persons.</p> <p>7. Social group visits to promote the concept of green beautification and green technology based circular economy.</p> <p>8. Invite to give a speech at Chaoyang University of Technology to assist students in understanding the enterprise.</p> <p>III. Education Support:</p> <p>Invite to give a speech at Chaoyang University of Technology to assist students in understanding the enterprise.</p> <p>IV. Awarded the Outstanding Enterprise for the 2024 Nantou County Resilient Taiwan Large-Scale Typhoon and Earthquake Disaster Preparedness and Collaboration Program.</p> <p>V. Awarded First Place in the Gender Mainstreaming Benchmark Enterprise Industrial Park Category by the Industrial Development Bureau, Ministry of Economic Affairs for 2024.</p>				

(V-1) Climate-related Information of Listed and OTC Companies:

Implementation of Climate-related Information

Item	Implementation Status
1. Describe the Board of Directors' and management's oversight and governance of climate-related risks and opportunities.	According to the “Sustainability Development Roadmap for Listed Companies” issued by the Financial Supervisory Commission in March 2022, our company, which falls under the category of companies with a paid-in capital of less than NT\$5 billion, is required to implement greenhouse gas inventory and verification in the third phase (i.e., complete the inventory by 2026 and verification by 2028). Moving forward, we will follow the reference guidelines and relevant regulations provided by the competent authorities for greenhouse gas inventory and assurance activities. The progress of the Company's greenhouse gas inventory and verification schedule is reported quarterly to the Board of Directors for oversight by the Sustainability Development Team.
2. Describe how the identified climate risks and opportunities impact the Company's business, strategy, and financials (short-term, medium-term, and long-term).	In the short term, there is no significant impact of climate-related risks and opportunities on the industry in which the Company operates. However, in the long term, the impact of climate issues is expected to grow year by year. To reduce the environmental impact of product use, the Company will continue to develop low-carbon, green energy, and recyclable products to meet the environmental demands for related materials and products. However, due to the existing design and production models, the Company must allocate capital budgets annually for research and development, production, and facility transformation. The resulting financial challenges represent both a risk and an opportunity for the Company.

Item	Implementation Status
3. Describe the financial impact of extreme climate events and transition actions.	Please refer to the table below: Description of the current and potential future risks, opportunities, and response measures related to climate change for the Company.
4. Describe how the identification, assessment, and management of climate risks are integrated into the overall risk management framework	Please refer to the table below: Description of the current and potential future risks, opportunities, and response measures related to climate change for the Company.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analytical factors, and key financial impacts used should be disclosed.	Scenario analysis has not yet been used to assess resilience to climate change risks.
6. If there is a transition plan in place to manage climate-related risks, please describe the content of the plan, as well as the metrics and targets used to identify and manage physical and transition risks.	Please refer to the table below: Description of the current and potential future risks, opportunities, and response measures related to climate change for the Company.
7. If internal carbon pricing is used as a planning tool, the basis for price determination should be disclosed.	Currently, carbon pricing is not used as a planning tool.
8. If climate-related targets are set, the covered activities, greenhouse gas emission scopes, planning timeline, and annual progress should be disclosed. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and amount of carbon reductions offset, as well as the number of RECs used, should also be specified.	<p>1. Reduction in process electricity consumption: The electricity usage density is reduced by 1% annually, aiming to achieve an environmentally friendly policy with low pollution and low energy consumption.</p> <p>2. Switch from heavy oil to natural gas and reduce natural gas consumption by 3% annually through the installation of energy-saving equipment.</p> <p>3. Install a solar power generation system for self-consumption</p>

Item	Implementation Status
9. Greenhouse gas inventory and verification status, reduction targets, strategies, and specific action plans	<p>1. Completed the greenhouse gas inventory for the entire plant in 2024.</p> <p>2. Verification status: In line with government regulations, verification is expected to be completed by 2028.</p>

The current and potential future risks, opportunities, and response measures related to climate change for the Company are as follows:

Type of risks	Potential financial impact	Countermeasures	Future opportunities
Flood/fire/earthquake	Production disruptions leading to a decline in revenue, affecting profitability and resulting in financial losses	<p>1. Develop an emergency response plan and establish an emergency response team to enhance emergency preparedness and minimize disaster impact.</p> <p>2. Conduct fire drills annually.</p> <p>3. Use fire-resistant materials for construction and regularly dispatch personnel to inspect the fire detection system.</p> <p>4. The factory building complies with the seismic standards set by the Ministry of the Interior.</p> <p>5. Purchase fire insurance</p>	Enhance disaster resilience
Unstable water and electricity supply	Production is impacted, leading to increased operational costs and financial losses	<p>1. Install a solar power generation system for self-consumption, evaluate the electricity storage system and equipment.</p> <p>2. Boiler waste heat recovery</p> <p>3. Switch to energy-efficient equipment and electrical appliances</p>	Enhance energy efficiency
Impact on company image	Failure to meet stakeholder expectations, resulting in damage to the Company's reputation and image	<p>1. Strengthen innovation and high-quality products</p> <p>2. Move towards green manufacturing products to increase collaboration opportunities with customers</p>	To increase collaboration opportunities with customers

(VI) The implementation of the company's promotion of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
I. Formulation of ethical corporate management policy and plan				No material difference.
(I) Has the company formulated an ethical corporate management policy approved by the Board of Directors and clearly stated the policies and practices of ethical corporate management in rules and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the operations policy?	✓		(I) The Company's Ethical Corporate Management Best Practice Principles were adopted by the Board of Directors on May 8, 2015, and have been disclosed on the Company's website and the MOPS, and all directors, supervisors, managers and employees are required to abide by them.	
(II) Has the company established a risk assessment mechanism for unethical behavior, regularly analyzed and assessed business activities within its business scope that have a high risk of unethical behavior, and formulated a plan to prevent unethical behavior that at least covers the preventive measures for acts under Article 7, paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	✓		(II) In order to prevent unethical behavior in business activities, the Company's Ethical Corporate Management Best Practice Principles expressly prohibit unethical behavior, interests and attitudes, and the Company has established the "Operating Procedures and Guidelines for Ethical Corporate Management" to specifically regulate and prevent unethical behavior. The Company conducts risk assessment	

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(III) Has the company specified operating procedures, conduct guidelines, disciplinary and appeal systems for violations in the unethical behavior prevention plan, implemented them, and regularly reviewed and amended the disclosure plan?	✓		<p>and formulates necessary preventive measures every year when each department carries out its own assessment of the internal control system. The Company has also established strict codes of conduct, ethical standards, and appeals and related reward and punishment provisions in the “Rules of Procedure of Board of Directors’ Meetings”, “Work Rules”, and other rules. There was no corruption or bribery in 2024.</p> <p>(III) For areas with high risk of unethical behavior, the Company strengthened the promotion and guidance for directors, managers and employees for them to fully understand the Company’s ethical corporate management policy, encourage them to report unethical behavior, and cooperate with audits to prevent unethical behavior.</p>	

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
<p>II. Implementation of ethical corporate management</p> <p>(I) Does the company evaluate the ethical corporate management record of its counterparties and specify the terms of ethical behavior in the contracts signed with counterparties?</p> <p>(II) Has the company set up a dedicated unit subordinate to the Board of Directors to promote the ethical corporate management of enterprises, and regularly (at least once a year) report to the Board of Directors its ethical corporate management policy and plan to prevent unethical behavior, as well as the implementation of supervision?</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company regulates that employees shall treat customers and competitors fairly, and that they shall not ask for gifts, rebates, entertainment or other improper benefits from suppliers of the Company.</p> <p>(II)</p> <p>1. In order to improve the management of ethical corporate management, the Company has set up a human resources unit to be responsible for the formulation, supervision and implementation of the ethical corporate management policy and prevention plan, and reported to the Board of Directors on November 7, 2024.</p> <p>2. The Company has implemented the ethical corporate management policy. The relevant implementation in 2024 was as follows:</p> <p>A. Training and legal compliance promotion: The Company regularly holds a consensus camp for all employees twice a year. The HR Department will publicize the matters that</p>	No material difference.

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
			<p>employees should pay attention to when performing business and ask lawyers to explain the legal common sense of non-competition and confidentiality to all employees.</p> <p>B. Communication channels: Employees can reflect to various management levels and the human resources unit through multiple smooth channels, and the Company takes the initiative to announce the ethical corporate management policy and the implementation of ethical corporate management in external activities such as the website, annual report, and other external documents.</p> <p>C. Regular inspection: The operating activities of all operating sites are effectively controlled and implemented through the Company's annual self-audit and self-assessment of compliance with laws and regulations, and they are independently audited by the audit unit to ensure the operation of the overall mechanism and joint</p>	

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(III) Has the company developed a prevention policy for conflicts of interest, provided appropriate presentation channels, and implemented them?	✓		<p>management and prevention of unethical behavior.</p> <p>D. Whistleblower system and whistleblower protection:</p> <p>The Company has enacted the “Measures for Handling Cases of Illegal or Unethical or Dishonest Acts”, which stipulate that the relevant supervisors have the responsibility to keep confidential the information of the parties. In addition, the HR Department is the dedicated unit for reporting and accepting such cases. The cases accepted in 2023 were mainly due to improvements of operational procedures, and appropriate measures have been taken.</p> <p>(III) The “Work Rules” of the Company clearly stipulate that an employee is not allowed to use their position to require customers or manufacturers to entertain or give gifts, or accept commissions, gratuities or other improper benefits. In addition, the Company has expressly stipulated that employees who engage in work that is in</p>	

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(IV) Has the company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit formulated relevant audit plans based on the assessment results of unethical behavior risks, and audited the compliance with the unethical behavior prevention plan, or entrusted a CPA to perform the audit?	✓		<p>conflict with the Company's interests without permission shall be dismissed. The Company's "Rules of Procedure for Board of Directors' Meetings" have provisions on interest recusal. In case of any conflict of interest, the director shall not participate in the discussion, and shall not participate in the voting by leaving the meeting in accordance with the principle of interest recusal.</p> <p>(IV) The accounting system of the Company is formulated with reference to the relevant laws and regulations of the competent authority and the actual business situation of the Company; the internal control system is formulated with reference to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and other relevant provisions; both of these have been implemented. The Audit Office includes the high-risk operation items in the annual audit plan according to the risk assessment results,</p>	

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(V) Does the company regularly hold internal and external training on ethical corporate management?	✓		<p>in order to check the actual implementation of the operation and report to the Board of Directors. The CPAs also review the implementation of the Company's internal control system every year.</p> <p>(V) The company conducted insider trading on July 19, 2024 and compliance test for integrity management regulations, number of test takers A total of 72 people, and on December 2, 2024, all monthly employee meetings are held with topics related to integrity management Department education and training (including prevention of insider trading, honesty and total of 64 people.</p>	
<p>III. Operation of the Company's whistleblower system</p> <p>(I) Has the company established a specific whistleblower and reward system, established a convenient channel for whistleblowing, and assigned appropriate personnel to handle complaints?</p>	✓		<p>(I) The Company provides unimpeded whistleblowing channels and keeps the identity of the whistleblower and the content of the whistleblowing fully confidential in accordance with the relevant procedures.</p>	No material difference.

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
(II) Has the company established standard operating procedures for the investigation of reported matters, follow-up measures to be taken after the investigation, and relevant confidentiality mechanisms?	✓		(II) The Company has formulated the “Measures for the Report on Illegal, Immoral and Dishonest Acts”, which stipulate that the relevant supervisors have the responsibility to keep confidential the information of the parties.	
(III) Does the company take measures to protect whistleblowers from improper handling due to whistleblowing?	✓		(III) The Company will keep whistleblowers confidential during the whistleblowing process, and they will not be punished for whistleblowing.	
IV. Strengthening of information disclosure (I) Does the company disclose the content of its Ethical Corporate Management Best Practice Principles and promote its effectiveness on its website and the MOPS?	✓		The Company has formulated the Ethical Corporate Management Policy, Ethical Corporate Management Best Practice Principles, and Operating Procedures and Guidelines for Ethical Corporate Management, and publicly disclosed them on the Company’s website and in the annual report.	No material difference.
V. If the company has established its own Ethical Corporate Management Best Practice Principles in compliance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”, please describe the differences between their operations: No material difference.				

Evaluation item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary	
VI. Other important information that will help to understand the company's ethical corporate management (such as the company's review and revision of its ethical corporate management best practice principles): The operation of the Company complies with the Securities and Exchange Act, the Company Act, the Business Entity Accounting Act, the relevant rules and regulations for TWSE or TPEX listing, and other laws and regulations related to business conduct, as the basis for implementing ethical corporate management. In addition, the Audit Office audits each department in accordance with the audit plan, and regularly audits the implementation of the Company's systems through an external audit unit (such as an accounting firm). Major operational decisions, investment plans, bank financing, and other matters are evaluated and analyzed by the relevant responsible departments and implemented only after being approved by the Board of Directors.				

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

1. The directors, supervisors and managers of the Company regularly participate in the continuing education and training of corporate governance related courses. The continuing education and training in 2024 were as follows:

Job title	Name	Date	Organizer	Course name	No. of hours
Chairman	Lin, Chi-Chin	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Chairman	Lin, Chi-Chin	2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours
Corporate Director Representative	Lin, Chi-Uo	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Corporate Director Representative	Lin, Chi-Uo	2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours
Director	Huang, Kuo-Chen	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Director	Huang, Kuo-Chen	2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours
Director	Chiu, Po-Ta	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Director	Chiu, Po-Ta	2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours
Director	Chen, Chao-Kao	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Director	Chen,	2024/11/07	Taiwan Corporate	What Investors Are	3

Job title	Name	Date	Organizer	Course name	No. of hours
	Chao-Kao		Governance Association	Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	hours
Director	Chen, Chin-I	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Director	Chen, Chin-I	2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours
Independent Director	Lin, Chen-Chih	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Independent Director	Lin, Chen-Chih	2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours
Independent Director	Lin, Chin-An	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Independent Director	Lin, Chin-An	2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours
Independent Director	Lin, Shu-Hu	2024/08/02	Securities&Futures institute	Discussing the Sustainable Development Action Plan for Listed Companies from the Perspective of Financial Supervision.	3 hours
Independent Director	Lin, Shu-Hu	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
Independent Director	Lin, Shu-Hu	2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours

Independent Director	Lin, Shu-Hu	2024/12/03	Accounting Research and Development Foundation	Sustainability Policy and Corporate Governance	3 hours
Accounting Manager	Lin, Chiu-Hung	2024/08/22 2024/08/23	Accounting Research and Development Foundation	Continuing Study Courses for Accounting Supervisors of Securities Issuers, Securities Firms and Stock Exchanges	12 hours
Accounting Manager representative	Lu, Su-chuan	2024/09/26 2024/09/27	Accounting Research and Development Foundation	Continuing Study Courses for Accounting Supervisors of Securities Issuers, Securities Firms and Stock Exchanges	12 hours
Corporate Governance Manager	Lin, Chiu-Hung	2024/08/08	Taiwan Corporate Governance Association	Promoting Corporate Sustainability through Risk Management - Practical Code of Risk Management for Listed Companies	3 hours
		2024/08/16	Accounting Research and Development Foundation	ESG development trends and regulations related to sustainability information disclosure	3 hours
		2024/09/06	Securities&Futures institute	2024 Publicity Meeting for Insider Trading Prevention	3 hours
		2024/11/07	Taiwan Corporate Governance Association	What Investors Are Thinking - Discussing Corporate Sustainability Transformation Through ESG Investment and Financing	3 hours
Audit Manager	Liu, Wei-Ting	2024/08/07	Internal Audit Association of the Republic of China	How to Adjust Internal Control Systems to Comply with New ESG Regulations	6 hours
		2024/08/27	Internal Audit Association of the Republic of China	Audit Practices for Corporate Costs and Value Creation	6 hours
Audit representative	Ping, Hsiang-fen	2024/10/18	Internal Audit Association of the Republic of China	Regulatory Analysis and Key Audits of the Board of Directors and Functional Committees (Audit, Compensation)	6 hours
		2024/11/15	Internal Audit Association of the Republic of China	Lending of funds, endorsements/guarantees and regulations and practical on obtaining and disposing of assets	6 hours
Executive Vice President	Li, Chiung-Tung	2024/05/23 2024/05/24	International Trade Administration, MOEA	iPAS Low-Carbon Class A - Basic Product Carbon Footprint Inventory and Carbon Management	12 hours

Management Trainee	Lin, Ting-yu	2024/07/17 2024/07/18	Industrial Development Bureau, MOEA	Product Carbon Footprint Inventory Class A	12 hours
HR Manager	Lin, Feng-Yi	2024/04/23	Systex Software & Service Corporation	Information Security Governance Seminar - Leadership Strategy and Cybersecurity Planning in the AI Era	3 hours
HR Manager	Lin, Feng-Yi	2024/03/23 2024/12/28	Labor Employment Win-win Consulting Co., Ltd	Human Resources and Labor Law Reading Club	30 hours

2.The Company personnel's annual environmental safety training and acquisition of relevant licenses and certificates are as follows:

Job title	Name	Date	Organizer	Course name or the license or certificate received
Production Section Chief	Chou, Chih-sheng	2024.04.12	Taiwan Boiler Association Nantou professional training	On-the-Job Training for Emergency Rescue Personnel (refresher training)
Environmental safety officer	Chen, Ching-Chuan	2024.04.19	Taiwan Boiler Association Nantou professional training	On-the-Job Training for Hazardous Occupation Supervisors
Management Trainee Engineer	Lin, Le-tien Tseng, Chun-yu	2024.04.22-25 2024.04.29-30	Taiwan Boiler Association	Above One Ton Forklift Training Class
Management Trainee Environmental safety officer	Lin, Le-tien Chen, Ching-Chuan	2024.07.03	Taiwan Rubber and Elastomer Industries Association	Occupational Safety and Health Workplace Prevention Seminar
Production Manager	Chang, Chia-Hao	2024.10.15	Taiwan Boiler Association	On-the-Job Training for Hazardous Occupation Supervisors (Organic Solvents, Specific Chemicals, Dust and Lead)
Engineer	Chiang, Yi-heng	2024.10.05-07	Energy Administration, MOEA	Technician or Energy Management Personnel Training
Quality Assurance Manager Work Services Section Chief	Chiang, Hung-Chin Chen, Ming-yu	2024.11.25	Taiwan Boiler Association	Boiler Operator On-the-Job Training

(VIII) For the implementation of the internal control system, disclose the following matters:

1. Internal Control Statement:

**Hsin Yung Chien Co., Ltd.
Internal Control Statement**

Date: February 26, 2025

Based on the results of self-assessment, the Company's internal control system for 2024 is hereby stated as follows:

- I. The Company knows that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and managers of the Company, and the Company has already established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operational effectiveness and efficiency (including profitability, performance and asset security), reliability, timeliness, transparency of reporting, and compliance with relevant norms and relevant laws and regulations.
- II. An internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the three objectives above. Moreover, due to changes in environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a built-in supervision mechanism, and once deficiencies are identified, the Company will take corrective action immediately.
- III. The Company judges whether the design and implementation of the internal control system is effective in accordance with the judgment items of the effectiveness of the internal control system specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The judgment items of the internal control system adopted in the "Regulations" divide the internal control system into five components according to the process of management control: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component element includes several items. For the items above, please refer to the provisions of the "Regulations".
- IV. The Company has adopted the internal control system judgment items above to evaluate the effectiveness of the design and implementation of the internal control system.
- V. Based on the results of the evaluation referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system as of December 31, 2024, including the understanding of the effectiveness of operations and the extent to which efficiency goals have been achieved, the

reliability, timeliness, transparency of reporting, and the compliance with relevant norms and relevant laws and regulations, as well as the compliance with relevant internal control systems, are effective and can reasonably ensure the achievement of the goals above.

- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If there are false, hidden, and other illegal circumstances in the disclosure above, the legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be involved.
- VII. This Statement was approved by the Board of Directors of the Company on February 26, 2024. Of the 9 directors present, all directors agreed to the contents of this Statement.

Hsin Yung Chien Co., Ltd.

Chairperson: Lin, Chi-Chin

General Manager: Lin, Chi-Uo

2. Where a CPA is entrusted to audit the internal control system on a special case basis, the CPA's audit report shall be disclosed: None.

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

1. Important decisions and implementation status of the 2024 shareholders' meeting:

Meeting date	Important decisions and implementation status
2024.06.27	<p>1. Recognition of 2023 business report and financial statements. Implementation status: passed by a resolution of the shareholders' meeting and announced on the Market Observation Post System and the Company's website.</p> <p>2. Recognition of 2023 earnings distributions. Implementation status: In addition to the legal reserve set aside from the 2023 earnings in accordance with the Company's Articles of incorporation, it is planned to combine the earnings with the cumulative undistributed earnings of the past years to distribute cash dividends of NT\$389,958,535 per share to shareholders, at NT\$5 per share. The above-mentioned cash dividend was distributed on July 1, 2024.</p> <p>3. Re-election of directors Execution Status: The newly elected 20th Board of Directors consists of 9 members (including independent directors), who assumed office immediately following their election at the 2024 annual shareholders' meeting. Their term is three years. The list of elected members is as follows: Chi Wang Cheng Co., Ltd.'s representative Lin, Chi-Chin, Yu Chen Co., Ltd.'s representative Lin, Chi-Uo, Chen, Chao-Kuo, Chen, Chin-Yi, Chiu, Po-Ta, Huang, Kuo-Chen, Lin, Ching-An, Lin, Chen-Chih, Lin, Shu-Hui.</p> <p>4. The discharge of new directors and their representatives from non-competition restrictions Execution status: Approval of the discharge of new directors and their representatives from non-competition restrictions.</p>

2. Important resolutions of the board meetings from January 1, 2024 to March 31, 2025 (the printing date):

Meeting date	Important resolutions
2024.01.24 15th meeting of the 19th term	<ol style="list-style-type: none"> 1. Approval of the 2024 business plan and budget. 2. Approval of directors' remuneration and employee bonuses for 2023 in accordance with the provisions of the Company's Articles of Incorporation and of the estimated allocation ratios for 2024. 3. Approval of the standards of bonus and year-end bonus distribution for managers in 2023. <p>Resolution: The proposal was passed by all attending directors accordingly without objection.</p> <p>Implementation status: The meeting resolution above have been implemented accordingly.</p>
2024.02.22 16th meeting of the 19th term	<ol style="list-style-type: none"> 1. Extension of the bank financing limit. 2. Approval of the 2023 Internal Control System Effectiveness Assessment and Internal Control System Declaration. 3. Approval of the assessment of independence and competency of CPAs for 2024. 4. Approval of the distribution of employees' remuneration and directors' remuneration for 2023. 5. Approval of the 2023 business report and financial statements. 6. Approval of the 2023 earnings distribution. 7. Approval of re-election of directors. 8. Approval of the nomination list of director candidates. 9. Approval of the discharge of new directors and their representatives from non-competition restrictions. 10. Approval of the 2024 general shareholders' meeting related matters. 11. Approval of the general meeting of shareholders' acceptance of shareholder proposals and matters related to nomination of director candidates (including independent directors) for 2024. <p>Resolution: The proposal was passed by all attending directors accordingly without objection.</p> <p>Implementation status: The meeting resolution above have been implemented accordingly.</p>

Meeting date	Important resolutions
2024.05.09 17th meeting of the 19th term	<ol style="list-style-type: none"> 1. Approval of the financial report for Q1 2024. 2. Approval of the amendment to the “Rules of Procedure for Board Meetings”. 3. Approval of amendment of Organizing Procedures of Audit Committee. 4. Approval of amendment of Regulations for Delegation of Authority and Proxy Management. <p>Resolution: The proposal was passed by all attending directors accordingly without objection.</p> <p>Implementation status: The meeting resolution above have been implemented accordingly.</p>
2024.05.15 1st meeting of the 20th term	<ol style="list-style-type: none"> 1. Approval of the election of Chairman. 2. Approval of the election of 6th Remuneration Committee member. <p>Resolution: The proposal was passed by all attending directors accordingly without objection.</p> <p>Implementation status: The meeting resolution above have been implemented accordingly.</p>
2024.08.08 2nd meeting of the 20th term	<ol style="list-style-type: none"> 1. Approval of the financial report for Q2 2024. 2. Extension of the bank financing limit. 3. Approval of respective directors’ remuneration for 2023. <p>Resolution: The proposal was passed by all attending directors accordingly without objection.</p> <p>Implementation status: The meeting resolution above have been implemented accordingly.</p>
2024.11.07 3rd meeting of the 20th term	<ol style="list-style-type: none"> 1. Approval of the annual audit plan according to Article 13 of the “Regulations Governing Establishment of Internal Control Systems by Public Companies”. 2. Approval of establishment of Sustainability Information Management Guidelines. 3. Approval of amendment of Organizing Procedures of Audit Committee. 4. Approval of establishment of Risk Management Policy and Procedures. 5. Approval of the financial report for Q3 2024. 6. Extension of the bank financing limit. <p>Resolution: The proposal was passed by all attending directors accordingly without objection.</p> <p>Implementation status: The meeting resolution above have been implemented accordingly.</p>

Meeting date	Important resolutions
2025.01.17 4th meeting of the 20th term	<ol style="list-style-type: none"> 1. Approval of the 2025 business plan and budget. 2. Approval of directors' remuneration and employee bonuses for 2024 in accordance with the provisions of the Company's Articles of Incorporation and of the estimated allocation ratios for 2025. 3. Approval of the standards of bonus and year-end bonus distribution for managers in 2024. 4. Approval of the content and payment of director compensation. 5. Approval of the content and payment of manager compensation. <p>Resolution: The proposal was passed by all attending directors accordingly without objection.</p> <p>Implementation status: The meeting resolution above have been implemented accordingly.</p>
2025.02.26 5th meeting of the 20th term	<ol style="list-style-type: none"> 1. Approval of the 2024 Internal Control System Effectiveness Assessment and Internal Control System Declaration. 2. Approval of appointment and remuneration of CPAs. 3. Approval of the assessment of independence and competency of CPAs for 2025. 4. Approval of the proposal to change the signing CPA. 5. Approval of the distribution of employees' remuneration and directors' remuneration for 2024. 6. Approval of the 2024 business report and financial statements. 7. Approval of the 2024 earnings distribution. 8. Approval of the proposal to define the scope of entry-level employees in the Company. 9. Approval of partial amendment to the "Articles of Association". 10. Approval of the 2025 general shareholders' meeting related matters. 11. Approval of the acceptance of shareholder proposals for the 2025 general shareholders' meeting. <p>Resolution: The proposal was passed by all attending directors accordingly without objection.</p> <p>Implementation status: The meeting resolution above have been implemented accordingly.</p>

(X) In the most recent year and up to the printing date of the annual report, if the directors had different opinions on important resolutions passed by the Board of Directors, and there are records or written statements, the main contents: None.

IV. Information on the professional fees of the attesting CPAs :**(I) CPA fees**

Unit: NT\$ thousand

CPA firm name	CPA name	CPA audit period	Audit fees	Non-audit fees	Total	Remark
PricewaterhouseCoopers Taiwan	Wu, Sung-Yuan	2024/01/01	1,790	662	2,452	note
	Hung, Shu-Hua	~ 2024/12/31				

Note: Non-audit fees mainly include the tax certification fee, transfer pricing report analysis project fee, amendment registration with the ministry of economic affairs, and seal certification fee.

(II). If the Company has any of the following circumstances, disclose the CPA fees:

- (1) If the accounting firm is replaced and the audit fees paid in the year of replacement are less than those paid in the year prior to the replacement, the amounts of the audit fees before and after the replacement and the reasons thereof shall be disclosed: Not applicable.
- (2) If the audit fee has decreased by more than 10% from that of the previous year, disclose the amount, proportion and reasons for the decrease: There is no such situation.

°

V. Information on replacement of CPAs: None.**VI. The chairperson, president or manager in charge of financial or accounting affairs of the company who has served in the CPA firm or its affiliated enterprises within the most recent year: None.**

VII. For the most recent year and up to the date of printing of the annual report, the transfer of shares and changes in pledges of shares by directors, managers, and shareholders holding more than 10% of the shares:

- (I) Changes in equity held by directors, managers, and shareholders holding more than 10% of the shares:

Title	Name	2024		Current year as March 24	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Legal person representative and Chairman	Lin, Chi-Chin	(2,456,000)	-		-
Director and Major shareholder	Ji Wng Cheng Co., Ltd. Representative : Lin, Chi-Chi	-	-	8,392,907	-
Director and Major shareholder	You Zhen Co., Ltd. Representative: Lin, Chi-Uo	288,000		5,875,349	
Director	Huang, Kuo-Chen	-	-	-	-
Director	Chen, Chin-I	-	-	-	-
Director	Chen, Chao-Kao	-	-	-	-
Director	Chiu, Po-Ta	-	-	-	-
Independent Director	Lin, Chen-Chih	-	-	-	-
Independent Director	Lin, Chin-An	-	-	-	-
Independent Director	Lin, Shu-Hui	-	-	-	-
Legal person representative and president	Lin, Chi-Uo	-	-		-
Manager	Chou, Yi-Shang	-	-	-	-
Manager	Li, Chiung-Tung	-	-	-	-
Manager	Lin, Chiu-Hung	-	-	-	-
Manager	Chang, Wei-Hsiu	-	-	-	-
Manager	Lin, Feng-I	10	-	-	-
Major shareholder	Chi Kuan Investment Co., Ltd. - Representative: Lin, Chi-Chin	-	-	(8,392,907)	-

(II) Information on directors, managers, and shareholders holding more than 10% of the shares whose equity is transferred to a related party:

Name	Reason for equity transfer (note 2)	Transaction date	Transaction counterparty	The relationship between the transaction counterparty and the Company, directors, supervisors and shareholders holding more than 10% of the shares	Number of shares	Transaction price
Lin, Chi-Chin	Establishment with offset payment	2024/05/27	Preparation Office of Quan Zhang Co., Ltd	The Company's directors are its initiators	2,456,000	110.5
Ji Wng Cheng Co., Ltd. Representative : Lin, Chi-Chi	Merger by absorption	2024/12/30	Chi Kuan Investment Co., Ltd. - Representative : Change, Hui-Kuan	the major shareholder	8,392,907	-
You Zhen Co., Ltd. Representative: Lin, Chi-Uo	Merger by absorption	2024/12/30	Ji Uo Investment Co., Ltd. - Representative : Lin, Chi-Uo	The company director is its representative	5,723,349	-

(III) Information on directors, managers, and the relative parties of equity pledge with shareholding ratio of more than 10% who are related parties: None.

VIII. For the top ten shareholders in shareholding, the information on their relationships as related parties or spouses or relatives within the second degree of kinship:

Name	Own shares		Shares held by spouse and minor children		Total shares held in the names of others		The names and relationships of the top ten shareholders who are related parties or spouses or relatives within the second degree of kinship.		Remark
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relationship	
Ji Wng Cheng Co., Ltd. Representative: Lin, Chi-Chin	15,343,420	19.67%	-	-	-	-	Lin, Chi-Uo	Brother	-
You Zhen Co., Ltd. Representative: Lin, Chi-Uo	14,466,000	18.55%	-	-	-	-	Lin, Chi-Chin	Brother	-
Quan Zhang Co., Ltd Representative: Change, Hui-Kuan	5,035,239	6.46%	-	-	-	-	Lin, Chi-Chin	Spouse	-
Trust Property Special Account Entrusted by Lin, Chi-Chin	2,200,000	2.82%	-	-	-	-	-	-	-
Trust Property Special Account Entrusted by Hu, Mei-Hui	2,200,000	2.82%	-	-	-	-	-	-	-
Lin, Fang-Ling	1,805,000	2.31%	-	-	-	-	Lin, Chi-Chin Lin, Chi-Uo	Brother Brother	-
Lin, Pei-Yao	1,100,000	1.41%	-	-	-	-	Lin, Chi-Chin	Father	-
Lin, Ke-Xun	1,100,000	1.41%	-	-	-	-	Lin, Chi-Chin	Father	-
Lin, Hsiu-Ying	1,005,897	1.29%	-	-	-	-	Lin, Chi-Chin Lin, Chi-Uo	Brother Brother	-
Chen, Chao-Kuo	688,380	0.88%	-	-	-	-	-	-	-

IX. The number of shares held by the company, its directors, managers, and enterprises directly or indirectly controlled by the company in the same reinvested enterprise, and the consolidated shareholding ratio: No such situation.

Three. Fund Raising

I. Capital and shares:

(I) Source of share capital:

Unit: thousand shares

Month and year	Issue price	Approved capital		Paid-in capital		Remark		
		Number of shares (in thousand)	Amount (NT\$ thousand)	Number of shares (in thousand)	Amount (NT\$ thousand)	Source of share capital	Using assets other than cash to offset share capital	Others
August 1969	10	50	500	50	500	Share capital at establishment	-	-
September 1978	10	200	2,000	200	2,000	Capital increase from cash of 150,000 shares	-	Note 1
June 1980	10	1,700	17,000	1,700	17,000	Capital increase from cash of 1,500,000 shares	-	-
January 1991	10	2,700	27,000	2,700	27,000	Capital increase from cash of 1,000,000 shares	-	-
November 1993	10	5,700	57,000	5,700	57,000	Capital increase from cash of 3,000,000 shares	-	Note 2
December 1996	10	7,900	79,000	7,900	79,000	Capital increase from capital surplus of 2,200,000 shares	-	-
December 1997	10	10,500	105,000	10,500	105,000	Capital increase from earnings of 2,600,000 shares	-	Note 3
December 1999	10	13,954	139,535	13,954	139,535	Capital increase from earnings of 3,453,500 shares	-	Note 4
September 2002	10	19,577	195,768	19,577	195,768	Capital increase from earnings of 5,623,260 shares	-	Note 5
November 2002	10	19,706	197,060	19,706	197,060	Share swap due to merger of 129,200 shares	-	Note 6
October 2003	10	25,000	250,000	21,500	215,000	Capital increase from capital surplus of 1,794,040 shares	-	Note 7
September 2004	10	30,000	300,000	27,502	275,020	Capital increase from cash of 4,000,000 shares Capital increase from earnings of 1,505,000 shares Capital increase from capital surplus of 497,000 shares	-	Note 8
September 2005	10	44,300	443,000	31,500	315,000	Capital increase from earnings of 2,200,160 shares Capital increase from capital surplus of 1,797,840 shares	-	Note 9
December 2005	10	44,300	443,000	33,000	330,000	Capital increase from cash of 1,500,000 shares	-	Note 10
July 2006	10	44,300	443,000	38,050	380,500	Capital increase from earnings of 2,310,000 shares Capital increase from capital surplus of 2,640,000 shares Capital increase from employee bonus of 100,000 shares	-	Note 11
October 2006	10	44,300	443,000	42,807	428,070	Capital increase from cash of 4,757,000 shares	-	Note 12
October 2007	10	70,000	700,000	44,947	449,473	Capital increase from earnings of 2,140,350 shares	-	Note 13
May 2008	10	70,000	700,000	44,965	449,654	New shares from corporate bond conversion of 18,041 shares	-	Note 14
July 2008	10	70,000	700,000	45,040	450,398	New shares from corporate bond conversion of 74,421 shares	-	Note 15

Month and year	Issue price	Approved capital		Paid-in capital		Remark		
		Number of shares (in thousand)	Amount (NT\$ thousand)	Number of shares (in thousand)	Amount (NT\$ thousand)	Source of share capital	Using assets other than cash to offset share capital	Others
September 2008	10	70,000	700,000	45,044	450,443	New shares from corporate bond conversion of 4,510 shares	-	Note 16
October 2008	10	70,000	700,000	47,794	477,943	Capital increase from earnings of 2,750,000 shares	-	Note 17
October 2009	10	70,000	700,000	50,184	501,840	Capital increase from earnings of 2,389,716 shares	-	Note 18
August 2000	10	70,000	700,000	55,202	552,024	Capital increase from earnings of 5,018,404 shares	-	Note 19
September 2010	10	70,000	700,000	60,202	602,024	Capital increase from cash of 5,000,000 shares	-	Note 20
May 2011	10	70,000	700,000	60,838	608,386	New shares from corporate bond conversion of 636,170 shares	-	Note 21
July 2011	10	70,000	700,000	61,000	610,002	New shares from corporate bond conversion of 161,679 shares	-	Note 22
October 2011	10	70,000	700,000	61,386	613,866	New shares from corporate bond conversion of 386,334 shares	-	Note 23
August 2014	10	70,000	700,000	67,525	675,253	Capital increase from earnings of 6,138,663 shares	-	Note 24
September 2019	10	100,000	1,000,000	70,902	709,016	Capital increase from earnings of 3,376,264 shares	-	Note 25
September 2021	10	100,000	1,000,000	77,992	779,917	Capital increase from earnings of 7,090,155 shares	-	Note 26

Note 1: Approved via letter Tai-Jian-Shang-Xin-Zi No. 011516 dated October 5, 1978.

Note 2: Approved via letter Jing-(1993)-Shang-Zi No. 126019 dated December 28, 1993.

Note 3: Approved via letter Jing-1998-Shang-Zi No. 102755 dated February 19, 1998.

Note 4: Approved via MOEA letter Jing-(2000)-Shang-Zi No. 089100914 dated January 12, 2000.

Note 5: Approved via MOEA letter Jing-Shou-Shang-Zi No. 09101365540 dated September 4, 2002.

Note 6: Approved via MOEA letter Jing-Shou-Shang-Zi No. 09101468110 dated November 28, 2002.

Note 7: Approved via letter Jing-Shou-Zhong-Zi No. 09232836030 dated October 23, 2003.

Note 8: Approved via letter Jing-Shou-Zhong-Zi No. 09332657820 dated September 8, 2004.

Note 9: Approved via letter Jing-Shou-Zhong-Zi No. 09432866670 dated September 21, 2005.

Note 10: Approved via letter Jing-Shou-Zhong-Zi No. 09433332660 dated December 12, 2005.

Note 11: Approved via letter Jing-Shou-Zhong-Zi No. 09532504270 dated July 13, 2006.

Note 12: Approved via letter Jing-Shou-Zhong-Zi No. 09532968690 dated October 11, 2006.

Note 13: Approved via letter Jing-Shou-Zhong-Zi No. 09632841010 dated October 3, 2007.

Note 14: Approved via letter Jing-Shou-Zhong-Zi No. 09732164930 dated May 1, 2008.

Note 15: Approved via letter Jing-Shou-Zhong-Zi No. 09732555100 dated July 8, 2008.

Note 16: Approved via letter Jing-Shou-Zhong-Zi No. 09732897980 dated August 22, 2008.

Note 17: Approved via letter Jing-Shou-Zhong-Zi No. 09733198340 dated October 3, 2008.

Note 18: Approved via letter Jing-Shou-Shang-Zi No. 09801235560 dated October 13, 2009.

Note 19: Approved via letter Jing-Shou-Shang-Zi No. 09901175110 dated August 9, 2010.

Note 20: Approved via letter Jing-Shou-Shang-Zi No. 09901204140 dated September 8, 2010.

Note 21: Approved via letter Jing-Shou-Shang-Zi No. 10001088800 dated May 3, 2011.

Note 22: Approved via letter Jing-Shou-Shang-Zi No. 10001148910 dated July 12, 2011.
 Note 23: Approved via letter Jing-Shou-Shang-Zi No. 10001235200 dated October 14, 2011.
 Note 24: Approved via letter Jing-Shou-Shang-Zi No. 10301179560 dated August 29 2014.
 Note 25: Approved via letter Jing-Shou-Shang-Zi No. 10801125490 dated September 18, 2019.
 Note 26: Approved via letter Jing-Shou-Shang-Zi No. 11001165150 dated September 22, 2021.

Share type	Approved capital			Remark
	Outstanding shares	Unissued shares	Total	
Bearer form Common shares	77,991,707	22,008,293	100,000,000	Listed shares

Where approval has been obtained to offer and issue securities under the omnibus reporting system, disclose the approved amount, information related to the intended issue and the issued securities: Not applicable.

(II) List of major shareholders:

Name, number of shares held and proportion of shareholding held by shareholders with a shareholding ratio of 5% or more, or shareholders with a top ten shareholding ratio:

March 24, 2025

Name of major shareholder	Shares	Number of shares held	Shareholding ratio
Ji Wng Cheng Co., Ltd.		15,343,420	19.67%
You Zhen Co., Ltd.		14,466,000	18.55%
Quan Zhang Co., Ltd.		5,035,239	6.46%
Trust Property Special Account Entrusted by Lin, Chi-Chin		2,200,000	2.82%
Trust Property Special Account Entrusted by Hu, Mei-Hui		2,200,000	2.82%
Lin, Fang-Ling		1,805,000	2.31%
Lin, Pei-Yao		1,100,000	1.41%
Lin, Ke-Xun		1,100,000	1.41%
Lin, Hsiu-Ying		1,005,897	1.29%
Chen, Chao-Kuo		688,380	0.88%

(III) Dividend policy and implementation status:

1. Dividend policy:

- (1) After making up the losses, if there is any balance in the current year's profit before tax, the Company shall allocate no less than 2% as employees' remuneration, and no more than 3% as the directors' remuneration. Employees' remuneration may be paid in stock or cash, and may be paid to employees of affiliated companies who meet certain conditions. The distribution of employees' remuneration and directors' remuneration shall be made by a resolution adopted by the Board of Directors at which more than two-thirds of the directors are present and the proposal approved by a majority of the directors present, and it shall be reported to the shareholders' meeting.
- (2) If the Company has a surplus in its annual final accounts, it shall first pay profit-seeking enterprise income tax and make up for its losses in previous years. If there is still a surplus, it shall set aside 10% as the legal reserve in accordance with the law, and set aside or reverse the special reserve in accordance with the law; if there is any remaining balance, then the Board of Directors shall prepare an earnings distribution proposal for it together with the accumulated undistributed earnings, and submit it to the shareholders' meeting for resolution on dividend distribution. Since the Company is in a stage of stable growth, considering shareholders' equity, the Company's

financial structure and long-term development, the total amount of shareholders' dividends should be more than 20% of the accumulated undistributed earnings, of which cash dividends should not be less than 10% of the total shareholders' dividends.

2. The proposed dividend distribution at this shareholders' meeting:

The Company's profit distribution plan for 2024 has been drafted by the Board of Directors, and a cash dividend of NT\$5 per share will be distributed. After it has been passed by the resolution of the general shareholders' meeting, another benchmark date for interest distribution will be set.

(IV) The effect of the proposed free share allotment at the current shareholders' meeting on the company's operating performance and earnings per share:
Not applicable.

(V) Remuneration of employees and directors:

1. Percentage or range of remuneration of employees and directors as stated in the Articles of Association:

Article 24: After making up the losses, if there is any balance in the current year's profit before tax, the Company shall allocate no less than 2% as employees' remuneration, and no more than 3% as the directors' remuneration. Employees' remuneration may be paid in stock or cash, and may be paid to employees of affiliated companies who meet certain conditions.

The distribution of employees' remuneration and directors' remuneration shall be made by a resolution adopted by the Board of Directors at which more than two-thirds of the directors are present and the proposal approved by a majority of the directors present, and it shall be reported to the shareholders' meeting.

Article 24-1: If the Company has a surplus in its annual final accounts, it shall first pay profit-seeking enterprise income tax and make up for its losses in previous years. If there is still a surplus, it shall set aside 10% as the legal reserve in accordance with the law, and set aside or reverse the special reserve in accordance with the law; if there is any remaining balance, then the Board of Directors shall prepare an earnings distribution proposal for it together with and the accumulated undistributed earnings, and submit it to the shareholders' meeting for resolution on dividend distribution. Since the Company is in a stage of stable growth, considering shareholders' equity, the

Company's financial structure and long-term development, the total amount of shareholders' dividends should be more than 20% of the accumulated undistributed earnings, of which cash dividends should not be less than 10% of the total shareholders' dividends.

2. The basis for estimating the remuneration of employees and directors in the current period, the basis for calculating the number of shares of employees' remuneration distributed by shares, and the accounting treatment if the actual distribution amount is different from the estimated amount:

If there is still any change in the amount after the date of issuance of the annual financial report, it shall be handled according to the change in accounting estimates, and the amount shall be adjusted and recorded in the next year.

3. Remuneration distribution by resolution of the Board of Directors:

The Board of Directors of the Company approved the proposal on February 26, 2025. The distribution of earnings for 2024 for the remuneration of employees and directors is as follows:

- (1) If the amount of remuneration of employees and directors distributed in cash or stock is different from the estimated amount in the year of recognition, disclose the difference, reason and handling:

The Company allocated an estimated amount of employee cash remuneration of NT\$15,583,530 and directors' remuneration of NT\$7,791,764 in 2024. after deliberation, the Remuneration Committee submitted the proposal to the Board of Directors for approval, and planned to distribute remuneration to employees and directors in cash, which was no different from the estimated amount.

- (2) The ratio of employees' remuneration distributed by shares to the total after-tax profit and employees' remuneration in the current individual or respective financial report: None.

4. Actual distribution of remuneration of employees and directors in the previous year:

Item	Amount decided by the Board of Directors	Actual amount paid	Difference
Employees' remuneration	NT\$12,074,269	NT\$12,074,269	None
Directors' remuneration	NT\$9,055,701	NT\$9,055,701	None

(VI) The Company's repurchase of its own shares: None.

II. Handling of corporate bonds and convertible corporate bonds: None.

III. Handling of special shares: None.

IV. Handling of overseas depositary receipts: None.

V. Handling of employee stock option certificates:

- (I) For employee stock option certificates, disclose the status of handling and the impact on shareholders' equity as of the printing date of the annual report:

March 31, 2025

Type of employee stock option certificates	1st employee stock option certificates in 2020
Filing and affective date	September 1, 2020
Issue date	November 24, 2020
Number of units issued	2,000,000 shares
Ratio of the number of share subscriptions issued to the total number of issued shares	2.56%
Duration of subscription	10 years
Performance mode	Delivered by issuing new shares of the Company.
Restricted subscription period and ratio (%)	The stock option holder may not exercise the stock option within six years before the expiration of the employee stock option certificate, and may exercise the right to subscribe in full after the expiration of six years.
Number of shares acquired	0
Executed subscription amount	0
Number of outstanding shares for subscription	2,000,000 shares
Subscription price per share of those which have not been subscribed to	82.6
Number of outstanding shares for subscription to total issued shares (%)	2.56%
Impact on shareholders' equity	The Company estimates that the future revenue will show a growth trend, so the overall assessment shows that the dilution of earnings per share of the Company in the future years is still limited, and there is no significant impact on existing shareholders' equity.

(II) Names and status of acquisition and subscription of managers and the top ten employees who have obtained stock option certificates:

March 31, 2025

	Title	Name	Number of share subscriptions acquired	Acquired Number of share subscriptions as a percentage of total issued shares (%)	Already executed				Not executed			
					Number of share subscriptions	Subscription price	Subscription amount	Number of subscribed shares as a percentage of total issued shares	Number of share subscriptions	Subscription price	Subscription amount	Number of subscribed shares as a percentage of total issued shares
Manager	Executive Vice President	Li, Chiung-Tung	365,000	0.51%	0	0	0	0	365,000	82.6	30,149,000	0.47%
	Production Manager	Chou, Yi-Shang										
	Finance Manager	Lin, Chiu-Hung										
	R&D Manager	Chang, Wei-Hsiu										
	HR Manager	Lin, Feng-I										
Employee	Special Assistant	Hu, X-hui	475,000	0.67%	0	0	0	0	475,000	82.6	39,235,000	0.61%
	Senior Specialist	Chang, X-Hao										
	Section Chief	Chang, X-Hsiang										
	Section Chief	Chou, X-Sheng										
	Section Chief	Huang, X-Chin										
	Section Chief	Chen, X-Yu										
	Section Chief	Wang, X-Chun										
	Senior Specialist	Chiang, X-Chin										
	Head	Liu, X-Ting										
	Sales	Liu, X-Hsuan										

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

VII. Handling of issuance of new shares for the merger or acquisition of shares of other companies: None.

VIII. Implementation of fund utilization plan: Not applicable.

Four. An Overview of Operations

I. Business Contents:

(I) Business scope:

1. Key business contents:

- (1) Manufacturing, processing and trading of rubber conveyor belts, rubber plates and various rubbers that are oil resistant, acid resistant, heat resistant and fire resistant.
- (2) Manufacturing of other rubber products.
- (3) Manufacturing, processing and trading of composite products.
- (4) General import and export business. (Except for licensed businesses)

2. Business proportions:

The business proportions of the Company's main products in 2024 are as follows:

Unit: NT\$1,000

Product name	2024 business turnover	Proportion of 2024 business (%)
Rubber products	1,430,680	97.56
Others	35,716	2.44
Total	1,466,396	100.00

3. The Company's current products and services:

Product type	Product name	Key applications and functions
Conveyor belt for mining/construction	Flat surface, heat-resistant, oil-resistant, fire-resistant, steel cable, etc.	It is used for long-distance transportation in various industries such as steel, ore, cement, sand and coal.
Inclined conveyor belt	Various tooth shapes	It is suitable for transporting all kinds of coal, mineral sands and powder materials.
Industrial rubber conveyor belt	Flat surface, heat-resistant, oil-resistant, fire-resistant, etc.	It is suitable for the transporting of various automatic production lines such as in anti-static electronic factories and shoe factories.
Rubber dam	Rubber dam	At present, it is widely used in irrigation, power generation, water storage, flood control, ecology, water parks, urban landscaping, etc.
Composite material products	Electronic hot-pressed cushion gaskets and thermoplastic sheets with environmental protection, energy saving and long-term effect.	Applied in the PCB industry hot pressing process and thermoplastic sheets.

4. New products to be developed:

(1) Rubber products

In terms of product development, the Company is also actively engaged in innovation and research to make product projects more diversified and application scopes wider. As for rubber, the products are in line with the current trend towards special rubber types such as green energy conveyor belts, energy saving conveyor belts, super heat-resistant and oil-resistant conveyor belts, and wear-resistant and fire-resistant conveyor belts, so that customers have more diversity in product selection. Recently the main direction of R&D is mainly to cooperate with customers to develop special rubber products and create products with higher added value.

(2) Composite material products

The thermoplastic composite material developed by the Company, in addition to having the same characteristics of light weight and high strength, has the advantage of being able to be recycled and remanufactured into different shapes, which completely eliminates the non-recyclable environmental protection issues of traditional thermosetting composite material. In addition, with the advantages of thermoplastic composite material of fewer processes and shorter manufacturing time, it can be fully introduced into the Industry 4.0 mode for automatic mass production, and solve the problem of labor shortage caused by the use of huge amounts of manpower in industries related to thermosetting carbon fiber composite material. The total manufacturing cost is a major advantage compared with traditional thermosetting carbon fiber composite material.

(II) Industry overview:

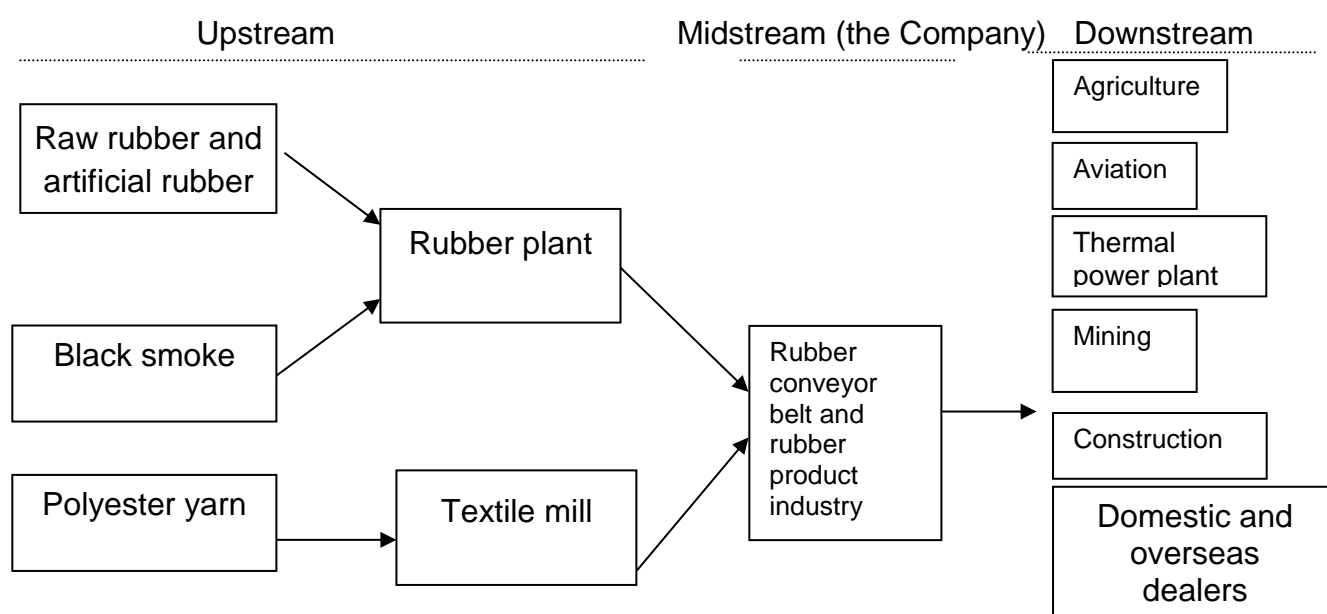
1. Current status and development of the industry:

The rubber product industry has a wide range of applications, ranging from sneaker soles to rubber hoses, rubber conveyor belts and tire belts. The rubber conveyor belt industry belongs to traditional industry. Under the long-term competitive market environment, the industry has actively invested in the addition of production equipment, the improvement of process technology, and the development of new products. Now, it has developed from a labor-intensive industry in the past to a new value industry which is technology and equipment intensive. Because most rubber conveyor belts in the past were heavy general conveyor belts, their application field was mainly in heavy industries such as the mining industry and power plant industry. In recent years, the demand for rubber conveyor belts decreased due to the slowdown of global economic growth, and the joining of international competitors such

as those from South Korea, India, Eastern Europe and China resulted in an overall phenomenon of price cutting in the international market, which affected the profits of general heavy conveyor belts. On the one hand, the Company actively develops the light conveyor belt market, promotes products with high strength, light weight and long service life, and at the same time extends the application of rubber products to the consumer product industry, and develops new market demand for rubber products; on the other hand, the Company strengthens the automation of machinery and equipment to reduce labor costs, and increases production capacity to create the benefits of economic production scale, so as to respond to the increasingly competitive market.

The main raw materials of rubber conveyor belts are rubber and cloth, which account for about 80% of the production cost. Therefore, the physical properties, substitutability, procurement sources and bargaining power of raw materials in the future will be the key to determine the profit of the industry. The Company maintains good and stable relationships with raw material suppliers, and our strength accumulated in raw material formulae after years of research and development will be conducive to future market competition.

2. Relevance of upstream, midstream and downstream industries:



3. Various development trends and competitive situations of the products:

Conveyor belts can be divided into mining conveyor belts, shipping logistics conveyor belts, inclined conveyor belts, agricultural conveyor belts, industrial rubber conveyor belts, and various types of rubber boards based on their applications. In terms of natural resource extraction, they are mainly applied in the fields of coal, mining, cement, sand and thermal power generation. The product market is in a mature stage, and in recent years, due to the global economic slowdown, the demand for iron ore sand has declined, and there is no obvious growth space for the conveyor belt market. We are actively developing products in new application areas to meet customer needs with a high production technology threshold, and there is a large potential for future market demand growth. Since the financial tsunami, the Company has adopted a business model that focuses on quality but not quantity, and does not blindly sacrifice profits for a high revenue. In recent years, the main product development has been special rubber products jointly developed with customers to create products with higher added values; the Company has also stepped into new operating areas and invested in composite material factories to further improve the Company's business performance.

According to the 2023 Taiwan Manufacturing Industry Top 2000 Survey by CommonWealth Magazine in 2024, the Company ranked the 1071th in the revenue ranking, and the 101th among in the manufacturing industry in terms of profit rate. At present, there is no publicly available industry information for reference in the global conveyor belt industry; the Company is the largest professional conveyor belt manufacturer in the world and a leading manufacturer in the domestic rubber conveyor belt market.

(III) Overview of technology and R&D:

1. Technical aspect:

The technical level of the Company's existing products can be divided into three aspects: material, structure, and processing and manufacturing. In terms of rubber materials, we actively develop products beyond the existing specifications, such as corrosion-resistant conveyor belts, which can be used in high acid and alkali environments such as chemical plants and salt farms, and strengthen the investment in environmental protection products. In terms of cloth, we develop new structures with good ductility and produce high-strength and low-shrinkage single-layer cloth conveyor belts, so as to reduce the power cost of users and make energy saving and carbon reduction as the niche of product promotion. In terms of product structure, we are

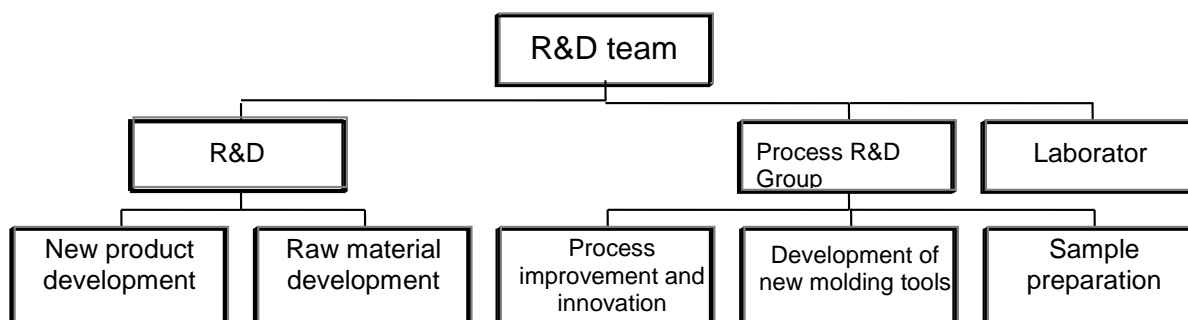
committed to reinforcing cloth fibers, which has the advantage of absolute replacement of multi-layer fiber layers for high-impact products. In terms of the reprocessing process, we continue reducing the manufacturing process, reduce the generation of leftovers, develop various molds and fixtures, promote the paperless work mode in the factory, and strengthen the efficient human-machine combination process.

2. R&D status:

In the future, the focus of our R&D will still be on material, structure and process improvement. In addition to continuing the product R&D in more specifications for existing products, the Company focuses on mold improvement and innovation as well. In the area of chemical fiber cloth raw material, the Company cooperates with domestic manufacturers to develop high-strength fabrics suitable for high-impact products with the advantage of replacing multi-layer fiber cloth layers. In the area of rubber, we focus on conveyor belts, energy-saving conveyor belts, super heat-resistant and oil-resistant conveyor belts and wear-resistant and fire-resistant conveyor belts which are in line with the current trend of environmental friendliness. Our R&D direction is to improve upon the existing basis, and expand the breadth and depth of the Company's products to achieve the goal of "customer satisfaction". In recent years, the Company has actively invested in composite material products, and successfully developed thermoplastic composite material plates with the characteristics of being light, thin, strong, tough and beautiful. Under the trend of light weight, high structural efficiency and innovative and beautiful design for industrial, automotive, electric bicycle and consumer products, the composite material products provided by the Company can offer characteristics that cannot be achieved by plastic, rubber or metal plates.

3. R&D personnel and their academic experience:

The organization of the Company's overall R&D team is as follows:



Education of the Company's R&D team as of the end of 2024:

Unit: person

Year Education level	2023	2024
PhD	0	0
Master's	2	2
University and college	3	3
High school	0	0
Total	5	5

4. R&D expenses invested in the last two years and up to the date of printing of the annual report:

Unit: NT thousand

Year Item	2023	2024
R&D expenses	18,547	13,760

5. Technologies or products successfully developed in 2024:

1. Anti-fouling membrane
2. High-efficiency puncture-resistant conveyor belt

(IV) Long-term and short-term business development plans:

1. Short-term plans:
 - (1) Comply with the accuracy of customer delivery time by reserving the capacity of machines for urgent orders and increasing the adaptability of machines, so as to improve customer satisfaction.
 - (2) Accelerate the production schedule of new product lines and actively develop domestic and export markets.
2. Long-term plans:
 - (1) Continue promoting our own brands and market them around the world with the KING and NEWSHEET composite material brands to increase market share.
 - (2) Continue developing low-carbon, green energy and environmental protection products, and understand the needs of customers.
 - (3) Continue process improvement and cost reduction.

II. Overview of the Market and Production and Sales Status:

(I) Market analysis:

1. Sales regions of key products:

Unit: NT\$1,000; %

Sales region \ Year	2023		2024	
	Amount	%	Amount	%
North America	751,237	48%	728,380	50%
Europe	361,966	23%	351,811	24%
Asia	413,148	27%	353,023	24%
Other regions	31,805	2%	33,182	2%
Total	1,558,156	100%	1,466,396	100%

2. Market share:

According to the “Industrial Product Group Data” compiled by the Ministry of Economic Affairs, the production value, sales value and domestic and export sales value of Taiwan’s rubber belt (2102010) industry in 2023 and 2024 were as follows:

Unit: NT\$1,000

Year	Production value	Sales value	Domestic sales value	Export value
2023	3,373,210	3,744,864	1,358,463	2,386,401
2024	3,182,193	3,546,715	1,197,501	2,349,214
Annual increase rate	-5.66%	-5.29%	-11.85%	-1.56%

If the sales value of conveyor belts in the “Industrial Product Group Data” of the Ministry of Economic Affairs in the above table is used for calculation, the operating revenue of the Company for 2024 and 2023 accounted for 41% and 42% of Taiwan's conveyor belt industry, respectively, and the market share is relatively suitable compared with that in the previous year.

3. Future supply and demand and growth of the market:

The conveyor belts of the Company can be divided into heavy, light and other types, and can be divided into two categories according to their application fields: one is the heavy conveyor belt used for mining, power plants and other purposes, and the other is the light conveyor belt used for agriculture, animal husbandry, various types of tilt, construction, air transport and aviation stations. Because China, India, Eastern Europe and other countries have joined the supply market with their low price advantages, the market price competition is fierce. At present, most of the world’s major conveyor belt manufacturers are in China, Europe, the United States and Japan. Because there is no organization for the statistics of the

market demand for conveyor belts, and Taiwan's overall industrial output value is very small, it is difficult to extrapolate and estimate the global conveyor belt supply market. Although rubber conveyor belts are mature products, the global market scale is large; that is, the market is growing moderately, but because they are industrial consumer goods, the market will not shrink unless new substitutes appear.

The Company has more than 50 years of experience in production processes, and actively develops special rubber products with high added value together with customers instead of engaging in price competition. In recent years, the Company has also actively developed rubber products for rubber dams and animal husbandry to improve gross profit.

4. Competitive niche:

A. Possession of a complete conveyor belt product line

The Company's product line covers heavy, light and special conveyor belts. The physical properties of the products range from general to various types of belts with heat resistance, fire resistance, oil resistance, impact resistance and cutting resistance. Appearances range from flat to various patterns of toothed conveyor belts, with widths ranging from 300 mm to 4000 mm, thicknesses ranging from 3 mm to 40 mm, and lengths up to 500 M. The application fields range from traditional coal, iron ore, sand and stone industries to aviation logistics, agriculture, animal husbandry, construction and aviation. In the future, under the trend of automation and high efficiency, the demand for conveyor systems will increase day by day, and the application of conveyor belts will also become broader. The Company will continue its R&D to provide customers with diversified products and meet their demand for full purchase in one go.

B Labor-saving and high-productivity machinery and equipment

The sustainable operation of the rubber conveyor belt industry mainly depends on raw material development and process capacity, which includes production technology, machine and equipment functions and capacity scale. At present, the Company has three plants, including two conveyor belt manufacturing plants and one cloth soaking plant, with conveyor belts of a width of 4M. In terms of production technology, the Company has more than 50 years of production technology; it can reduce direct labor while at the same time improving the output per unit hour, and effectively reduce the generation of ineffective man-hours for line change. In order to facilitate material preparation and the timeliness of material

accounting, it is more convenient to set up automatic warehouse storage equipment in individual plants. The automation of machinery and equipment greatly reduces the Company's labor demand, and the Company will be able to improve production performance more efficiently, which helps to improve product diversification and quality stability.

C. Innovative process capability

The Company has two automatic conveyor belt manufacturing plants, which can quickly meet various conveyor belt schedules for large amounts. The automatic production equipment effectively reduces the labor demand, and the Company constantly seeks innovation and change in the production process. It has made progress year by year in improving unit output and reducing quality anomalies, reducing the consumption cost of traditional molds and improving product output value. Looking forward to the future, the Company will continue to innovate processes in the direction of energy saving and time saving, and provide customers with high-quality products with competitive prices. The Company has been established for more than 50 years. During this period, after many internal organizational adjustments and overall external economic recession risks, the Company has always responded to the changes in the overall environment with a flexible organizational structure, and therefore has a complete system in terms of organization management and personnel training. In addition to the products themselves, the key factors for future industrial profits are the full use of internal resources and good production management. To sum it up, under the excellent leadership of the management team, it is expected that the competitiveness of the Company will be greatly improved in the future for a better business performance and profitability.

5. Favorable and unfavorable factors of the development prospect and countermeasures:

A. Favorable factors

(A) Our products are customized with high technical levels.

Rubber conveyor belts are generally customized products that need to comply with specific equipment properties and application environments; there is a wide range of product types and specifications and a wide range of applications for the products, which are not mass-produced standardized products. The technical level of the products can be divided into three aspects: material, structure, and processing and manufacturing. In terms of the manufacturing process, it is necessary to adjust the complex manufacturing process in line with the R&D of the rubber formula, and to go through the processes of extrusion, tablet production, molding and sulfur addition. In addition to the matching of the front and rear stages of each piece of processing equipment, the setting of the machine and the operation of the personnel need to undergo repeated tests with a considerable cost of time. Therefore, the sustainable operation of the industry is based on the long-term planning of production content, equipment capacity, manufacturing process and rubber R&D to achieve continuous growth. Since its establishment, the Company has specialized in rubber conveyor belts of various specification as a professional manufacturer of rubber conveyor belts. In the past decade, the Company has invested in the innovation of equipment upgrades, process improvements, product specification expansion and rubber material development, so that the Company can still maintain a stable profit level within the global recession.

(B) The new functions of production equipment can effectively reduce costs

The Company has state-of-the-art production equipment that has gone through repeated improvement of functionality, giving the Company a competitive advantage in both quality and price. In 2019, the production width reached up to 11,000 mm, making the product line more complete.

(C) The scale of production attracts cooperation from major manufacturers

At present, most of the major manufacturers in the conveyor belt industry are concentrated in Europe and the United States. With the rise of the Asian economy and the slowdown of the economic growth of Europe and the United States, it has become a trend for

the major conveyor belt manufacturers to move their production bases to Asia. Hsin Yung Chien is the leader among Asian manufacturers in terms of machine equipment function, capacity scale and production technology. For many years, the Company has been focusing on its core business of conveyor belts as a professional manufacturer and striving for excellence, and the Company can quickly meet customer needs in raw material development and product diversification. The Company has established a good reputation in the conveyor belt industry, and has an ample room in the cooperation with and selection of major international manufacturers in the future.

B. Unfavorable factors

(A) The profit margin of traditional conveyor belts is compressed

The traditional conveyor belt market has reached a mature stage, and the market development is limited. The overall demand of the conveyor belt market is still dominated by ordinary flat conveyor belts. Due to the low entry threshold as well as the low cost and preferential tariffs of China, India and Eastern Europe, their low price strategies have led to a sharp decline in the profit of traditional conveyor belts.

Countermeasures:

- a. In terms of sales strategy, actively develop orders for special conveyor belts and reduce the sales proportion of general conveyor belts, in order to reduce the risk of product elimination and strengthen the Company's competitiveness.
- b. In terms of pricing strategy, adopt different pricing strategies for different product requirements to improve the overall profitability of the Company.
- c. Under the Company's 50-year production technology platform, actively develop composite materials applied in electronics, consumer product, automobile and other applications, and look forward to injecting new momentum for revenue growth under the stable market supply and demand for conveyor belts.
- d. Effectively reduce production costs through process improvement and equipment upgrade.
- e. Increase production capacity to reduce production costs.

(B) The price of raw materials fluctuates greatly

The main raw materials of rubber conveyor belts are rubber and cloth. Taiwan is not a rubber producing country, and relies entirely on imports. The international rubber price, like the price of crude

oil, is generally subject to fluctuations in market economic factors. In recent years, the prices of artificial rubber and natural rubber have been affected by and fluctuating accordingly with the oil price, making the production cost fluctuate greatly.

Countermeasures:

- a. Actively search for rubber suppliers. In the past, rubber was obtained indirectly through domestic agents. At present, rubber suppliers are directly sought from rubber producing countries to reduce the cost of rubber acquisition.
- b. Engage in the research of rubber raw materials, look for raw material formulae that meet the needs of customers and the production quality requirements, and cooperate with upstream gluing plants in the research and testing of rubber compound formulae.

(C) Capital intensive industry with long payback period

Due to the long manufacturing process, rubber conveyor belts require a large amount of capital investment in machinery and equipment, which is different from the tires of the rubber product industry which are labor-intensive. Due to the large amount of capital investment required in advance, the industrial operational risk is relatively high, and a long period of operation is required for cost recovery.

Countermeasures:

- a. Develop new product channels, strive to improve capacity utilization, and reduce the share ratio of fixed costs.
- b. Obtain lower capital costs through the capital market, and reduce the initial cost burden of investment.

(D) Exchange rate changes increase the exchange risk:

Our products are mainly exported, so the risks arising from changes in foreign exchange rates have a considerable impact on our profit.

Countermeasures:

- a. The financial department pays attention to exchange rate changes at all times, collects the views of various professional institutions on exchange rates, strengthens the ability to analyze and judge exchange rate trends, reflects costs and adjusts selling prices in a timely manner, and performs appropriate foreign exchange hedging.
- b. Natural hedging by using foreign currencies for purchase and sales to reduce the risk of loss due to exchange.

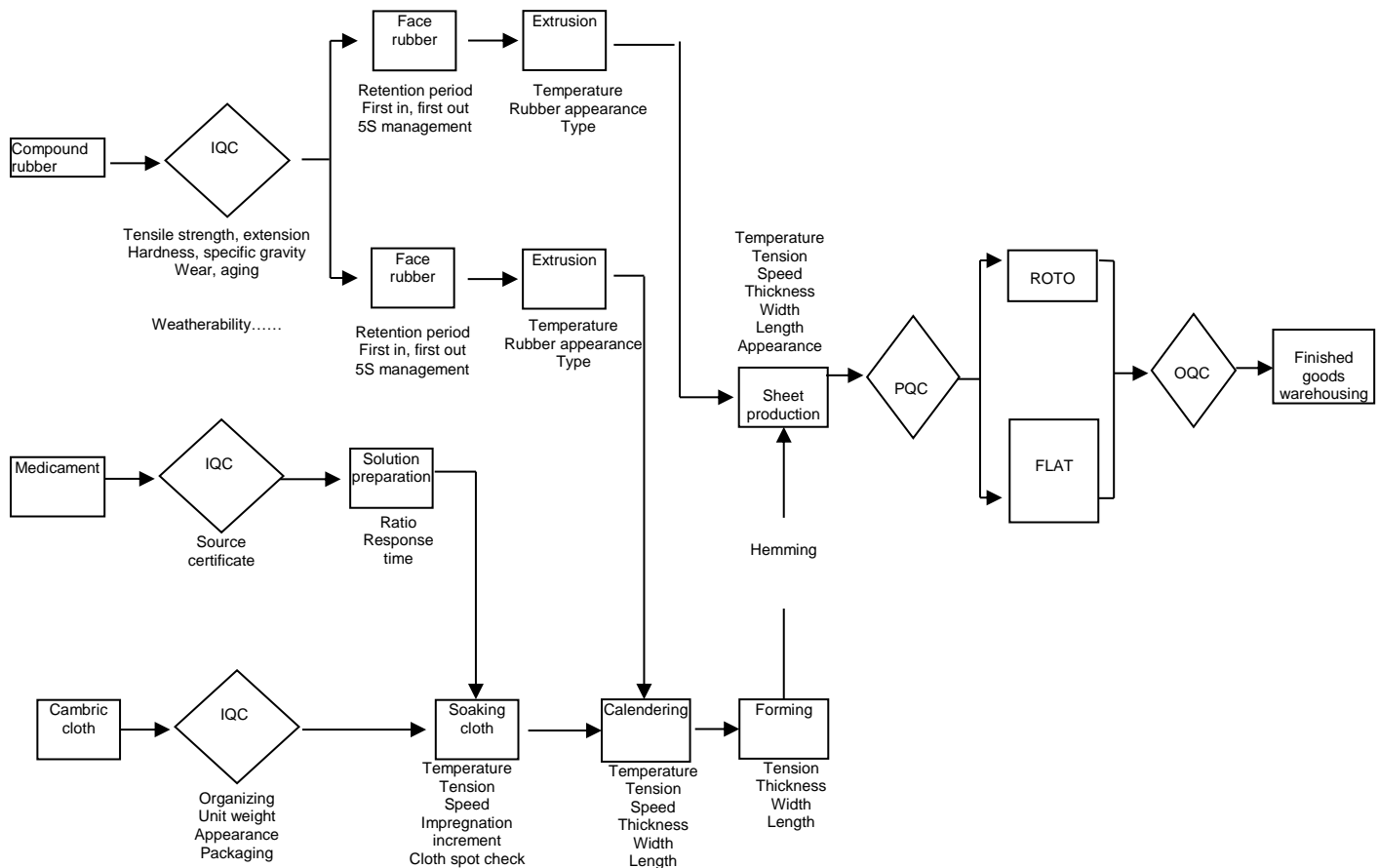
(II) Important applications and production processes of key products:

1. Applications of key products:

The key products of the Company are all kinds of heavy, light and special

conveyor belts, which are used in industries such as manufacturing, mining, cement and steel of general automatic production lines and power plants; rubber plates are used in industry, automobile and construction.

2. Production processes



(III) Supply of key raw materials:

The main materials of HYC are artificial rubber, black carbon rubber and raw cloth, etc. and the main suppliers are long-term cooperation with HYC. In order to ensure the stability of the supply source, we still keep in touch with other suppliers and the supply status is good to meet customers' needs.

(IV) Major customers:

1. Data of customers accounting for more than 10% of the total sales in the last two years:

Unit: NT\$thousand

	2023 年				2024 年			
Item	Name	Amount	Percentage of net annual sales (%)	Relationship with the issuer	Name	Amount	Percentage of net annual sales (%)	Relationship with the issuer
1	Company A	285,154	18	Customer	Company A	300,816	21	Customer
2	Company C	223,787	14	Customer	Company B	161,162	11	Customer
	other	1,049,215	68	Customer	other	1,004,417	68	Customer
	Net sales	1,558,156	100		Net sales	1,466,396	100	

Reasons for changes: In 2024, due to the impact of economic demand , manufacturing activities in all countries significantly slowed down. resulting in changes in customers with over 10% of total goods sold.

2. Data of suppliers accounting for more than 10% of the total purchases in the last two years:

Unit: NT\$thousand

	2023 年				2024 年			
Item	Name	Amount	Ratio of net annual purchases (%)	Relationship with the issuer	Name	Amount	Ratio of net annual purchases (%)	Relationship with the issuer
1	Clep	187,453	30	Note	Clep	180,800	30	Note
2	D	119,515	19	Supplier	E	109,629	18	Supplier
3	E	90,187	15	Supplier	D	94,547	15	Supplier
4	C	71,085	11	Supplier	C	64,560	11	Supplier
5	Other	153,074	25	Supplier	Other	156,525	26	Supplier
	Net purchases	621,314	100		Net purchases	606,061	100	

Note: The chairperson of this company is a relative within the second degree of kinship of the Chairman of the Company.

Reasons for increase or decrease: The changes in cost, quality coordination and the Company's operating mode, and the changes are reasonable.

III. Employee data in the last two years and up to the date of printing of the annual report:

Year		2023	2024	2025.3.31
Item				
Number of employees	R&D personnel	4	4	4
	Management and business personnel	25	25	26
	Indirect production personnel	21	22	20
	Direct production personnel	54	59	60
	Total	104	110	110
Average age		41.6	41.91	42.22
Average years of service		10.49	10.27	10.43
Education level distribution	PhD	0%	0%	0%
	Master's	10%	9%	9%
	University and college	41%	39%	37%
	High school	40%	46%	47%
	Below high school	9%	6%	7%

IV. Information on Environmental Protection Expenditure:

Losses suffered due to pollution of the environment (including compensation and environmental protection inspection results that violate environmental regulations, sanction date, sanction reference number, number of article violated, contents of legal provisions violated, and sanction content) in the past year and as of the date of printing of the annual report; also disclose the estimated amount that may occur at present and in the future and countermeasures. If a reasonable estimate cannot be made, explain the fact that no reasonable estimate can be made: None.

V.Labor relations

(I). The Company's various employee welfare measures, continuing education, training, retirement system and their implementation status, as well as labor-management agreements and various measures for protection of employee rights and interests:

1. Employee welfare measures and implementation status:
 - (1). Employees of the Company enjoy labor insurance and national health insurance from the date of arrival.
 - (2). The operation of the Company's various welfare measures is coordinated by the Welfare Committee. At present, all leave requests, working hours and other working conditions are handled in accordance with the provisions of the Labor Standards Act, and a number of welfare measures have been planned.
2. The current employee welfare, continuing education and training measures are as follows:
 - (1). Employee birthday gift certificate.
 - (2). Year-end bonus and employee remuneration.
 - (3). Staff travel activities and staff family day activities.
 - (4). Year-end party or spring feast.

- (5). Subsidies to employees for their weddings, funerals and festivities at the Company's discretion.
- (6). Labor insurance, national health insurance and group insurance for employees in accordance with law.
- (7). Comprehensive pre-service and in-service training.
- (8). Rights issue and employee stock options to employees.
- (9). Children's schooling awards and grants.
- (10). Annual health examination for employees.
- (11). Further study and training

In order to comply with sustainable operation and cultivate excellent talents, the Human Resources Department is responsible for coordinating the planning of internal and external training for employees, in order to strengthen their professional abilities and skills, improve their work efficiency, and maximize their potential to achieve the business management rationalization goal.

In 2024, there was a total of 904 persons who received training for new employees and various functional training, for totally 525 training hours.

3. Retirement system and implementation status:

- (1). In accordance with the provisions of the Labor Standards Act, the Company has formulated a retirement method for defined benefits, which is applicable to the length of service of all regular employees before the implementation of the Labor Pension Act on July 1, 2005, and the length of service of employees who have chosen to continue to apply the Labor Standards Act after the implementation of the Labor Pension Act. If an employee meets the retirement conditions, the payment of pension is calculated based on the length of service and the average salary of the 6 months before retirement. Two base points will be given for each full year of service within 15 years (inclusive), and one base point will be given for each full year of service beyond 15 years, but the maximum cumulative limit is 45 base points. The Company allocates 2% of the total salary to the pension fund on a monthly basis, and deposits it in the Trust Department of the Bank of Taiwan in a special account in the name of the Labor Retirement Reserve Supervision Committee.
- (2). The Company has formulated "Measures for the Retirement of Managers", and sets aside a 4% pension provision from their total salary on a monthly basis. In 2024 and 2023, the net pension costs recognized in accordance with the above retirement measures were both NT\$31 thousand.
- (3). On July 1, 2005, the Company formulated retirement measures for a defined allocation in accordance with the Labor Pension Act, which is applicable to employees of local nationality. For employees who choose to apply the labor pension system set forth in the "Labor Pension Act", the Company will pay 6% of their salary to the individual account at the

Labor Insurance Bureau every month, and the employee pension will be received by means of monthly or one-time pension payment according to the amount of the individual pension account and accumulated income. In 2024 and 2023, the pension costs recognized by the Company in accordance with the above retirement measures were NT\$2,089 thousand and NT\$2,060 thousand respectively.

4. Labor-management agreements and various measures for protection of employee rights and interests:

A harmonious labor-management relationship has always been one of the goals of the Company. The Company pays attention at all times to the welfare of employees, provides a good work environment, and emphasizes two-way communication with employees in order to maintain a harmonious labor-management relationship. So far, no losses have been caused by labor disputes, and the Company's appeal channel is smooth to safeguard the rights and interests of employees.

5. Code of employee conduct or ethics:

The Company has formulated the "Ethical Corporate Management Best Practice Principles", "Code of Ethical Conduct" and relevant management measures, which are applicable to its directors, managers and employees. The main norms are to prohibit unethical acts, avoid opportunities for self-interest, prohibit bribery or accepting bribes, protect and properly use the Company's assets, comply with laws and regulations, and encourage the reporting of any illegal conduct or violation of relevant regulations.

6. Work environment and personal safety protection measures for employees: In view of the importance of work environment and personal safety protection measures for employees, the Company has obtained certification for ISO 14001 and ISO 45001 environmental and occupational safety and health management systems, and the Company continues to carry out major environmental inspections and occupational safety and health risk control according to the systems to ensure the safety and health of the employees' workplace.

(II) List the losses caused by labor disputes in the last year and up to the date of printing of the annual report (including violations of the Labor Standards Act according to labor inspection results, the date of punishment, the reference number of punishment, the provisions of the regulations violated, the content of the violation, and the content of the punishment), and disclose the estimated amounts that may be incurred at present and in the future and the countermeasures; if no reasonable estimates can be made, explain the reasons: None.

VI. Cybersecurity Management

- (I) Describe the security risk management framework, security policy, specific management plan, and resources put into cybersecurity management.

1. Infocomm Security Management Structure

In accordance with Article 3 of the "Guidelines for the Control of Cyber Security Management of TWSE and TPEX Listed Companies", the Company

established its "Infocomm Security Management Promotion Committee" as the functional organization of the Company's infocomm security governance and operational management mechanism, and uses the PDCA circular management method to ensure the achievement and improvement of the reliability goals of the infocomm security risk management structure.

- (1) The President approved the establishment of the Company's Infocomm Security Risk Management Committee.
 - (2) Responsible for establishing the core management business, the core business system and system risk policies, processes and procedures.
 - (3) Ensure that the infocomm security management policy is clearly communicated to employees at all levels.
 - (4) Clearly indicate the responsibilities and hierarchical reporting relationship in risk management at all levels of management throughout the Company.
 - (5) Responsible for supervising and assisting in the integration of information security planning and information security affairs.
 - (6) Providing regular reports on the safety implementation of Infocomm for application by the Audit Committee.
2. Infocomm Security Policy
- In order to ensure the smooth operation of the Company's business, prevent unauthorized access, use, control, leakage, destruction, tampering, destruction or other infringement of information or information communication systems, and ensure their confidentiality, integrity and usability, the "Infocomm Security Management Promotion Committee" has formulated the following policy for all employees to follow:
- (1) In response to changes in the infocomm security threats, the Company's employees should participate in training related to infocomm security to enhance the overall awareness of infocomm security in the Company.
 - (2) Protect the confidentiality and integrity of sensitive enterprise information and the infocomm system, in order to avoid unauthorized access and tampering.
 - (3) Establish and publish various infocomm security management operations and measures, and regularly inspect and adjust according to the actual situation.
 - (4) Regularly conduct internal audits to ensure that all professions are effectively implemented.
3. Specific Management Plans and Investment in Infocomm Security Management
- (1) According to the company's operating scale and information security risks, a total of 1 information security supervisor and 1 information security person will be set up.
 - (2) Infocomm safety training for infocomm system operation staff is conducted once a year, and is expected to be completed in the third quarter.
 - (3) Infocomm safety professional training for infocomm staff is conducted once a year, and is expected to be completed in the third quarter.
 - (4) Vulnerability scanning is performed once a year, and high-risk weak points are 100% controlled within one month; it is expected to be completed in the fourth quarter.
 - (5) Penetration testing is performed once a year, and high-risk weak points are 100% controlled within one month; it is expected to be completed in the fourth quarter.

- (6) Social engineering drills are conducted once a year, and is expected to be completed in the third quarter.
 - (7) If it is known that an infocomm safety incident has occurred, the notification, response and restoration work shall be completed before the specified deadline.
 - (8) The number of unfinished improvement items in the previous internal audit should be ≤ 2 .
 - (9) The Information Security Management Promotion Committee is required to meet at least once a year, and the meeting was held in April 2024.
 - (10) The Company will prepare a budget every year to continuously evaluate and introduce infocomm security technology solutions, in order to improve infocomm security management.
- (II) In the last year and up to the date of printing of the annual report, the losses suffered due to major cybersecurity incidents, their possible impact and countermeasures; if no reasonable estimates can be made, explain the reasons:
The Company has had no major cybersecurity incidents in the last year and up to the date of printing of the annual report.

VII. Important Contracts:

Contract nature	Contract counterparty	Contract date	Main contents	Restrictions
Bank mortgage loans	E.Sun Bank	2020/2/12~2029/7/15	Credit agreement	None

V. Review and Analysis of the Financial Situation and Financial Performance and Risks

I. Financial Position:

Unit: NT\$thousand

Item \ Year	2023	2024	Difference	
			Amount	%
Current assets	2,268,213	2,207,132	(61,081)	(2.69)
Property, plant and equipment (note 2)	1,324,291	1,404,671	80,380	6.07
Intangible assets	1,654	939	(715)	(43.23)
Other assets	210,464	113,407	(97,057)	(46.12)
Total assets	3,804,622	3,726,149	(78,473)	(2.06)
Current liabilities	349,547	311,973	(37,574)	(10.75)
Non-current liabilities	366,482	308,900	(57,582)	(15.71)
Total liabilities	716,029	620,873	(95,156)	(13.29)
Share capital	779,918	779,918	0	0.00
Capital surplus	254,929	261,493	6,564	2.57
Retained earnings	2,053,746	2,063,865	10,119	0.49
Other equity	0	0	0	0
Total equity	3,088,593	3,105,276	16,683	0.54
<p>Change analysis: (the change amount reaches NT\$10 million and the increase or decrease reaches 20%)</p> <p>1. Other assets: mainly due to the decrease in pre-paid equipment and project payments in 2024, other assets decrease by 46.12% compared with 2023.</p>				

II. Financial Performance:

Unit: NT\$thousand

Item \ Year	2023	2024	Amount of increase (decrease)	Change ratio (%)
Operating revenue	1,558,156	1,466,396	(91,760)	(5.89)
Operating costs	898,864	877,128	(21,736)	(2.42)
Net operating margin	659,292	589,268	(70,024)	(10.62)
Operating expenses	133,973	145,182	11,209	8.37
Operating profit	525,319	444,086	(81,233)	(15.46)
Non-operating income (expenses)	58,002	52,750	(5,252)	(9.05)
Profit before income tax	583,321	496,836	(86,485)	(14.83)
Income tax expense	(114,136)	(98,609)	15,527	(13.60)
Profit for the year	469,185	398,227	(70,958)	(15.12)
Other comprehensive income for the year	(2)	1,852	1,854	(92700.00)
Total comprehensive income for the year	469,183	400,079	(69,104)	(14.73)
<p>1. Change analysis: (the change amount reaches NT\$10 million and the increase or reaches 20%) The change in the increase or decrease is less than 20%, therefore no analysis or explanation is required.</p> <p>2. Expected sales volume and its basis, potential impact on the Company's future finance and business, and corresponding plans: The sales volume is determined based on market demand and development trends, customer operation status, and the Company's current order taking situation, and with reference to the Company's production capacity and scale. economic situation in 2025, the expected sales volume target is 10,000 thousand kilograms.</p>				

III. Cash Flow Analysis

(I) Liquidity analysis in the last two years:

Item \ Year	2023	2024	Increase (decrease)%
Cash flow ratio	128.70%	165.14%	28.31%
Cash flow adequacy ratio	96.83%	91.21%	(5.80%)
Cash reinvestment ratio	1.27%	2.63%	107.09%
Analysis and description of increase and decrease ratio changes: 1. Cash flow adequacy ratio: It is mainly due to an increase in net cash flow from operating activities in 2024, causing the cash flow ratio to increase from that in 2023. 2. Cash reinvestment ratio: It is mainly due to an increase in net cash flow from operating activities in 2024, causing the cash reinvestment ratio to increase from that in 2023.			

(II) Cash liquidity analysis for the next year

Unit: NT\$thousand

Opening cash balance	Estimated annual net cash flow from operating activities	Estimated annual net cash flow due to investing and financing activities	Estimated annual cash surplus (shortage)	Remedial measures for estimated annual cash surplus (shortage)	
				Investment plan	Wealth management plan
713,641	510,000	(600,000)	623,641	-	-
1. Analysis of changes in cash flows this year: (1) Operating activities: Mainly due to the net cash income expected to be generated in future years under the proper control of revenue and raw materials. (2) Investing activities: The payment for the purchase of additional machinery and equipment and the construction of factory buildings resulted in a net cash outflow from investment activities. (3) Financing activities: Mainly due to the expected distribution of cash dividends, resulting in a net cash outflow from financing activities. 2. Remedial measures and liquidity analysis of estimated cash shortage: There is no cash shortage.					

IV. Impact of Major Capital Expenditure in the Last Year on Finance and Business

In order to develop new products and improve the functions of production equipment, the Company successively invested in the purchase of additional equipment and the replacement of old equipment for new equipment in 2024. The total price of the

contracted purchase of equipment and project funds by the end of 2024 was NT\$114,622 thousand, which will be paid with the Company's own funds and medium and long-term loans. This equipment investment can effectively expand product lines and improve product quality and competitiveness, so it has a positive impact on the Company's finance and business in the long term.

V. Reinvestment Policy in the Last Year, Main Reasons for Profit or Loss, Improvement Plan and Investment Plan for the Next Year:

- (I) Reinvestment policy in the last year and main reasons for its profit or loss: None.
- (II) Investment plan for the following year: The thermoplastic composite material production facility, completed in 2023, gradually establish production lines based on product development and order intake progress.

VI. Risks:

- (I) Risk factors: The impact of changes in interest rates and exchange rates and inflation on the Company's profit and loss and future countermeasures:
 - (1) Impact of interest rate changes and future countermeasures:
The risk of interest rate changes mainly comes from long-term and short-term borrowings. According to the current domestic economic development trend, the low interest rate policy has not changed significantly, and the Company has no borrowings at present, so the fluctuation of interest rates should not have a significant impact on the Company.
 - (2) Impact of changes in interest rates and exchange rates on the Company's profit and loss and future countermeasures:

Unit: NT\$1,000

Item \ Year	2024	
	Amount	Ratio (%)
Domestic sales	147,501	10.06
Exports	1,318,895	89.94
Total	1,466,396	100.00

The Company's export sales accounted for 89.94% of the total in 2024, with a net exchange gain of NTD 13,977 thousand. This was mainly due to the interest rate increase of the US dollar and depreciation of the NTD in 2024. The Company sells goods mostly in US dollars, euros and Japanese yen, which are beneficial for exports. Therefore, the exchange rate change generated a net profit throughout the year.

Exchange gains and losses in the last year are as follows:

Year Item	2023	2024
Net exchange gain (loss)	8,016	13,977
Net operating income	1,558,156	1,466,396
Net operating profit	525,319	444,086
Net exchange gain (loss) / net operating income (%)	0.51%	0.95%
Net exchange gain (loss) / net operating profit (%)	1.52%	3.15%

In order to effectively respond to exchange rate fluctuation, in addition to actively collecting exchange rate change information to understand the exchange rates, the Company has taken the following specific measures to reduce the impact of exchange rate changes:

- A. Collecting exchange rate change information provided by banks with business dealings, keeping abreast of exchange rate trends, and adjusting the position of the Company's net assets or liabilities in foreign currency with hedging instruments such as foreign exchange forward contracts to reduce the risk of exchange rate changes.
- B. Providing exchange rate information for the reference of the marketing unit, in order to consider the price adjustments caused by exchange rate changes when quoting to customers, so as to ensure the Company's profit.

(3) Impact of inflation and future countermeasures:

Faced with the uncertainty of the global economic outlook, the Company is unable to predict whether there will be any significant changes in inflation or deflation in the future. Our products are consumables and their application fields are distributed in the mining, coal, electricity, cement, gravel, shipping, logistics, animal husbandry, construction, and consumer product industries. They are moderately to highly correlated with raw material prices, market demand, and inflation or deflation. Therefore, inflation will have a certain impact on our sales results, but will not have a significant adverse impact on overall operations.

- (II) The policy for engaging in high-risk and high-leverage investments, capital lending to others, endorsements and guarantees, and derivative trading, the main reasons for profit or loss, and future countermeasures:

The Company did not engage in high-risk or high-leverage investments in 2024. The following is a description of the policy, profit and loss situation and future countermeasures of capital lending to others, endorsements and guarantees, and foreign exchange hedging:

- (1) Capital lending to others:
As of December 31, 2024, the Company has not lent funds to others.
- (2) Endorsements and guarantees:
As of December 31, 2024, the Company has not provided endorsements and guarantees to others.
- (3) Derivative financial products:
As of December 31, 2024, the Company has not engaged in derivative financial product trading.
- (III) Future R&D plans and expected R&D costs:
In addition to continuing in-depth research on the raw materials, structures and manufacturing processes of products, the Company's recent R&D direction for rubber products has mainly been to cooperate with customers to jointly develop special rubber products, create products with higher added value, and meet customers' requirements for the convenience of one-time purchases. The Company is also active in developing composite material products applied to the electronics, automobile, 3C and other industries related to the people's livelihood, and uses thermoplastic plates that can be reprocessed, and environment-friendly and recyclable materials that meet the lightweight/high-strength/special physical property requirements and are bright and novel/high-quality, and simplifies production and integrates the processing of application products with a long life cycle. Therefore, the Company will continue investing R&D costs every year in the future, and estimates to invest about NT\$20 million in R&D in 2025.
- (IV) The impact of major changes in domestic and foreign policies and laws on the Company's finance and business and countermeasures:
The management of the Company pays attention to changes in important policies and laws at home and abroad at any time, and puts forward corresponding measures accordingly.
- (V) The impact of technological changes (including cybersecurity risks) and industrial changes on the Company's finance and business and countermeasures:
The Company is in the rubber manufacturing industry, mainly producing rubber conveyor belts and rubber plates. The industry is stable, and the industrial boom cycle is not obvious. Therefore, technological changes and industrial changes have no significant impact on the Company's financial business.
The Company formulates its cybersecurity policy with the spirit of the information security management system, lists the implementation of various cybersecurity measures and strengthens the audit management. Strengthen information security management, ensure the availability, integrity and confidentiality of the information system, and avoid being threatened by internal and external intentional or accidental threats.
- (VI) The impact of corporate image changes on corporate crisis management and countermeasures:
The Company's long-term business philosophy is based on ethics and the Company

has a deep foundation of mutual trust for both upstream suppliers and downstream customers. Therefore, the Company has not had changes in its corporate image so far and in the foreseeable future which cause a crisis for the enterprise.

(VII) The expected benefits and possible risks of mergers, acquisitions and countermeasures:

The Company has had no plans for mergers and acquisitions in the most recent year and as of the date of publication of the prospectus, so it is not applicable.

(VIII) The expected benefits and possible risks of plant expansion and countermeasures:

In 2020, the Company started rebuilding the original one-story building of the fourth factory into a six-story steel structure building as a thermoplastic composite production base. The construction was completed in 2024, and production lines were to be built one after another according to the progress of product development and order receipt. It can look forward to bringing revenue growth to the Company and achieving greater success in the future.

(IX) Risks faced by purchase or sales concentration and countermeasures:

From the data of customer sales accounting for more than 10% of the total sales volume and the data of supplier purchases accounting for more than 10% of the total purchase volume in the past two years, it can be found that there is no main sales and purchase objects accounting for more than 50%, and there is no risk of purchase or sales concentration.

(X) The impact and risks of transfers or replacements of a substantial volume of shares by directors, supervisors or major shareholders holding more than 10% of the shares of the Company and countermeasures: None.

(XI) The impact and risks of changes of management right on the Company and countermeasures: No such situation.

(XII) For litigation or non-litigation events, list major litigation, non-litigation or administrative disputes that have been determined by judgment or are still under investigation for the Company and its directors, supervisors, president, substantive responsible person, major shareholders with a shareholding ratio of more than 10% and affiliated companies, and the results of which may have a significant impact on shareholders' equity or securities prices: No such situation.

(XIII) Other important risks and countermeasures: None.

VII. Other important matters: None.

Six. Special Notes

I. Affiliated Enterprises

(I). Consolidated business report of affiliated enterprises

1. Organization chart of affiliated enterprises:

(1) Organization chart of affiliated enterprises:

Hsin Yung Chien Co.,Ltd

(2) Companies that are presumed to have a controlling and subordinate relationship in accordance with Article 369-3 of the Company Act, and controlling subsidiary companies in accordance with Article 369-2 of the Company Act: None.

(3) Subordinate companies of which the Company directly or indirectly controls the personnel, finance or business operations in accordance with paragraph 2 of Article 369-2 of the Company Act: None.

2. Basic information of affiliated enterprises: None.

3. The industries covered by the businesses of all affiliated enterprises
The businesses of the Company and its affiliated enterprises cover manufacturing, processing and trading of various rubber products such as rubber conveyor belts, rubber plates, and oil-resistant, fire-resistant and heat-resistant rubber products, etc., as well as various investment businesses and the wholesale and import businesses of tire belts.

4. Data of the same shareholders presumed to have control and subordination relationship: None.

5. Data of directors, supervisors and presidents of all affiliated enterprises: None.

6. Operation profile of affiliated enterprises: None.

(II). Consolidated financial statements of affiliated enterprises: Not applicable.

(III). Relationship report: Not applicable.

- II. Private placement of securities in the last year and up to the date of printing of the annual report: No such situation.
- III. Other necessary supplementary explanations: None.

Seven. In the last year and up to the date of printing of the annual report, if there are any of the events specified in Article 36, paragraph 2, subparagraph 2 of the Act that have a significant impact on shareholders' equity or securities prices, state them one by one: None.

Hsin Yung Chien Co., Ltd.

Chairman: Lin, Chi-Chin