



Stock Code: 7718

SPEC PRODUCTS CORP.

2024 Annual Report



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<http://www.spec.com.tw>

Published on April 30, 2025

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Name of the Firm: Ernst & Young, Taiwan
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5. Overseas Securities Listing and Trading Agency Name and Information Query Method: None.
6. Company website: <http://www.spec.com.tw>

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One. Report to Shareholders

Dear Shareholders,

First and foremost, we sincerely thank you for your continued support of the Company. Your recognition remains the driving force behind SPEC Products Corp.'s sustained growth. We would like to present to you an overview of the Company's operations, R&D progress, and sales outlook for last year and this year, as outlined below:

I. 2024 Business Report

(I) 2024 Business Plan Implementation Outcomes:

1. Against the backdrops including the impact of the global economy, the Ukraine-Russia War, interest rate hikes, and the Israel-Hamas War, the Company's and subsidiaries' consolidated operating revenue was NT\$2,408,468 thousand for 2024, an increase of NT\$123,871 thousand, or 5.42% year-on-year; the consolidated operating gross profit was NT\$484,726 thousand, an increase of NT\$26,651 thousand, or 5.82% year-on-year; The consolidated operating profit was NT\$229,809 thousand, an increase of NT\$660 thousand, or 0.29%, year-on-year; the consolidated net profit before tax was NT\$308,936 thousand, an increase of NT\$38,712 thousand, or 14.33% year-on-year.
2. The Company did not disclose the financial forecast for 2024, so there is no budget execution.

(II) Financial Revenues and Expenditures:

1. Income: The consolidated net operating revenue of 2024 was NT\$2,408,468 thousand. The 2024 consolidated net non-operating income and expenditure amounted to NT\$79,127 thousand.
2. Expenditure: The consolidated operating costs of 2024 was NT\$1,923,742 thousand. The consolidated operating expenses for 2024 were NT\$254,917 thousand.
3. Earnings: 2024 consolidated net profit before tax was NT\$308,936 thousand, income tax expense was NT\$60,417 thousand, and net profit after tax was NT\$248,519 thousand for the period.

(III) Profitability analysis:

1. Return on assets: 12.77%.
2. Return on equity: 19.83%.
3. Net profit margin: 10.32%.
4. Basic earnings per share (NT\$): 6.08.

(IV) R&D status:

The Company and its subsidiaries had the consolidated research and development expenses of NT\$11,547 thousand in 2024, a decrease of 0.31% year-on-year. The main reasons are that in 2024, the Company continuously developed new product manufacturing methods, molds and jigs, and equipment improvement research to adapt to customer needs, reduce manufacturing costs, improve quality, expand the scope of product services, and solve the manufacturing problems of customized special products while continuing its efforts toward sustainable development, energy-saving, and carbon reduction.

II. Summary of the 2025 business plan:

- (I) Develop new production processes and new machinery and equipment for products, and optimize the production process of special products, in order to increase the rate of in-house manufacturing.
- (II) Introduce advanced smart manufacturing and production, work with equipment manufacturers to design automated machines, and move the handling process in the factory to an automated one to reduce manpower needs and save time for cranes to adjust loads.
- (III) Strive to secure orders for assembly products and develop automatic assembly machines for large quantities of components, to take orders stably and significantly reduce manpower and costs.

III. Future development strategies of the Company

- (I) To expand business lines and develop markets in Japan, South Korea and Southeast Asia.
- (II) Expand the production lines and introduce automated intelligent manufacturing into the production process to improve the in-house manufacturing rate and expand the market share.
- (III) Increase product diversity and actively develop patented products to expand sales of patented products.

IV. Impacts of the external competitive environment, regulatory environment and overall business environment

- (I) International relations are affected by geography
The Company actively seeks quotations in Southeast Asia, where the pricing is competitive, to diversify procurement risks, while enhancing good relationships with customers and establishing subsequent sales development opportunities.
- (II) Impacts of the growth of the full-electric vehicle industry
The Company responds to the future industry trends in advance, diversifies risks, and actively expands markets and customer ratios other than auto parts.
- (III) Manpower shortage
It is imperative to introduce AI management to the production line for intelligent manufacturing; to improve corporate visibility and to recruit outstanding talents; we also improve employee benefits and implement an employee incentive system to retain talents.
- (IV) QE, rate hike, exchange rate changes and tariff policy
The Company continuously monitors relevant information to adjust its business direction, including foreign exchange and capital management.
- (V) Environmental protection policies in western countries, and levying carbon border tax
The Company will also consider negotiating and adjusting pricing with customers in order to reduce carbon emissions with the improvement of environmental equipment and the refinement of manufacturing technology.

With the efforts of all employees, the Company will continue to insist on its business philosophy of ethics, sustainability, innovation, and diversified development and strive to provide prompt and high-quality services to create maximum value for shareholders.

Wish all the shareholders

Wishing all shareholders good health and success.

SPEC PRODUCTS CORP.
Chairman: Chang, Hung-Cheng

Two. Corporate Governance Report

I. Background information of directors, supervisors, president, vice president, assistant manager, and heads of various segments and branches:

(I) Information on Directors and Supervisors

1. Names, gender, age, nationality or place of registration, professional (education) background, shareholding, and nature of shares held by Directors and Supervisors

April 2, 2025; Unit: shares

April 2, 2023, Unit: Shares																				
Title	Nationality or registration area	Name	Gender/ Age	Date elected (appointed)	Tenure	Date first elected	Shareholding at the time of election		Current shareholding		Current shareholding by spouse or minor children		Shares held under the name of others		Major career (academic) background	Concurrent positions in the Company or other companies	Other heads, directors or supervisors who are spouses or relatives of second degree			Remarks
							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	Chang Hung Chen	Male 61-70	2023.11. 28	3 years	2001.9.24	3,040,546	8.35%	2,912,546	6.28%	444,400	0.96%	3,625,447	7.82%	Department of Banking and Insurance, Aletheia University Sales Manager, San Shing Fastech Corp. Chairman, Chun Rui Co., Ltd. President, You Hsin International Corp. (now QST International Corp.)	Responsible Person, Hung Ning Investment Co., Ltd., Hao Xin Investment Co., Ltd., and Xi Cheng Investment Co., Ltd.	—	—	—	—
Chairman	Republic of China	Liu, Li-Chi	Male 51-60	2023.11. 28	3 years	2019.8.30	330,580	0.91%	330,580	0.71%	25,574	0.06%	1,588,206	3.42%	Department of International Trade, Chinese Culture University Assistant Section Manager of the Sales Department, San Shing Fastech Corp. Section Manager of the Sales Department, Wingtone Industrial Co., Ltd. President, Accurtek Products Corp.	Responsible Person, Yi Wei Investment Co., Ltd. and Yi Bin Investment Co., Ltd.	—	—	—	—
Chairman	Republic of China	Chang, Rui-Ling	Female 51-60	2023.11. 28	3 years	2008.8.20	962,226	2.64%	965,226	2.08%	—	—	—	—	Department of International Trade, Ming Chuan University Sales Specialist, San Shing Fastech Corp. Section Manager of the Sales Department, You Hsin International Corp. (now QST International Corp.)	None	—	—	—	—
Chairman	Republic of China	Chang, Chi-Hsiang	Male 41-50	2023.11. 28	3 years	2019.8.30	1,109,900	3.05%	1,130,900	2.44%	52,000	0.11%	—	—	Department of Mechanical Engineering, National Kaohsiung University of Science and Technology Mold Designer, San Shing Fastech Corp. Section Manager of the Technology Division, Cava Co., Ltd. Plant Manager, Yong Cheng Technology Co., Ltd.	None	—	—	—	—
Chairman	Republic of China	Huang, Jin-Yuan	Male 61-70	2023.11. 28	3 years	2023.11. 28	—	—	—	—	—	—	—	—	Department of International Trade, Business College of Continuing Education Affiliated to National Cheng Kung University Assistant Manager (Retired), Mega International Commercial Bank	None	—	—	—	—
Independent Director	Republic of China	Hong, Wo-Bo	Male 61-70	2023.11. 28	3 years	2023.11. 28	—	—	—	—	—	—	—	—	Department of Business Administration, Chung Yuan Christian University Chairman (Retired), You Hsin International Corp. (now QST International Corp.) Supervisor, Sin Fu Shan International Corp. Supervisor, Mu Hsin Investment Co., Ltd.	Supervisor, Sin Fu Shan International Corp. Supervisor, Mu Hsin Investment Co., Ltd.	Chairman:	Hung, Tsan-Wen	Child	—
																	Chairman	Hung, Tsan-Fen	Child	—
																	Chairman	Hung, Tsan-Hsuan	Child	—
																	Chairman:	Tsai, Chun-Cheng	Son-in-law	—
																	Supervisor	Tsai, Chun-Cheng	Son-in-law	—
																	Chairman	Tsai, Chun-Cheng	Son-in-law	—
																	Chairman:	Cheng, Chin-Hsiu	Sister-in-law	—
Independent Director	Republic of China	Chou, Sheng-Huang	Male 61-70	2023.11. 28	3 years	2023.11. 28	—	—	—	—	—	—	—	—	Department of Statistics, Feng Chia University Head of Corporate Banking, CTBC Bank Head of Credit Review (Retired), Taipei Fubon Commercial Bank Co., Ltd.	None	—	—	—	—
Independent Director	Republic of China	Chang, Rui-Hsing	Male 51-60	2023.11. 28	3 years	2023.11. 28	—	—	—	—	—	—	—	—	Doctor of Juridical Science (J.S.D.), Washington University in St. Louis Master of Laws (LL.M.), Temple University Bachelor of Laws (LL.B.), National Taiwan University Professor, Graduate Institute of Financial and Economic Law, Southern Taiwan University of Science and Technology	None	—	—	—	—
Independent Director	Republic of China	Fang-Tsai Chiu	Male 51-60	2023.11. 28	3 years	2023.11. 28	—	—	—	—	—	—	—	—	Master of Science in Finance, National Cheng Kung University Staff, Deloitte Taiwan Senior Specialist, Underwriting Department, Grand Cathay Securities Corporation Lead Auditor, AMIT Wireless Inc. Managing Partner, Ching Hsin CPAs	Independent Director, Ying Han Technology Co., Ltd. Independent Director, GeneFerm Biotechnology Co., Ltd. Independent Director, Macaoto Industrial Co., Ltd. Supervisor, Yung Fu Co., Ltd.	—	—	—	—

2. Disclosure of professional qualifications and independence information of Directors and Independent Directors:

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
Chang Hung Chen	Possesses practical experience in the management and sales of the fastener manufacturing and processing industry, as well as the steel industry. Previously served as Chairman and President of the Company; President of You Hsin International Corp. (now QST International Corp.), and Sales Manager at San Shing Fastech Corp. None of the conditions listed in Article 30 of Company Act.	Not applicable	None
Liu, Li-Chi	Possesses practical experience in the management and sales of the fastener manufacturing and processing industry, as well as the steel industry. Previously served as Vice President of the Sales Department of the Company; Assistant Section Manager of the Sales Department at San Shing Fastech Corp., Section Manager of the Sales Department at Wingtone Industrial Co., Ltd., and President of Accurtek Products Corp. None of the conditions listed in Article 30 of Company Act.	Not applicable	None
Chang, Rui-Ling	Possesses practical experience in the management and sales of the fastener industry. Previously served as Vice President of the Procurement Department of the Company, Sales Specialist at San Shing Fastech Corp., and Section Manager of the Sales Department at You Hsin International Corp. (now QST International Corp.). None of the conditions listed in Article 30 of Company Act.	Not applicable	None
Chang, Chi-Hsiang	Possesses practical experience in factory management, sales, and mold design for fastener manufacturing and processing, as well as the steel industry. Previously served as Vice President of the Production Department of the Company, Mold Designer at San Shing Fastech Corp., Section Manager of the Technology Division at Cava Co., Ltd., and Plant Manager of Yong Cheng Technology Co., Ltd. None of the conditions listed in Article 30 of Company Act.	Not applicable	None

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
Huang, Jin-Yuan	Possesses experience in financial services, management, and crisis resolution within the banking sector. Previously served as Assistant Manager at Mega International Commercial Bank (retired). None of the conditions listed in Article 30 of Company Act.	Not applicable	None
Hong, Wo-Bo	Possesses practical experience in the management and sales of fastener manufacturing and processing, as well as the steel industry, aligned with the Company's required industry expertise. Previously served as Chairman of You Hsin International Corp. (now QST International Corp.) (retired), Supervisor of Sin Fu Shan International Corp., and Supervisor of Mu Hsin Investment Co., Ltd. None of the conditions listed in Article 30 of Company Act.	Serves as an independent director and meets the independence criteria, including but not limited to: neither the individual, their spouse, nor relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliates; currently holds 0 shares in the Company; does not serve as a director, supervisor, or employee of any company having a specific relationship with the Company; and has not received any remuneration in the past two years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None
Chou, Sheng-Huang	Possesses work experience in commercial, legal, financial, and managerial functions within the banking industry. Previously served as Assistant Vice President of the Tainan Regional Corporate Banking Center, CTBC Bank Co., Ltd., and Assistant Vice President of the Credit Department - Institutional Banking of Taipei Fubon Commercial Bank Co., Ltd. (retired). None of the conditions listed in Article 30 of Company Act.	Serves as an independent director and meets the independence criteria, including but not limited to: neither the individual, their spouse, nor relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliates; currently holds 0 shares in the Company; does not serve as a director, supervisor, or employee of any company having a specific relationship with the Company; and has not received any remuneration in the past two years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None
Chang, Rui-Hsing	Possesses practical experience in legal, commercial, and academic management, currently serving as Dean of the College of Business at Southern Taiwan University of Science and Technology. Previously served as Professor and Director of the Graduate Institute of Financial and Economic Law at Southern Taiwan University of Science and Technology, and Director of the Science & Technology Law Institute at the Institute for Information Industry. None of the conditions listed in Article 30 of Company Act.	Serves as an independent director and meets the independence criteria, including but not limited to: neither the individual, their spouse, nor relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliates; currently holds 0 shares in the Company; does not serve as a director, supervisor, or employee of any company having a specific relationship with the Company; and has not received any remuneration in the past two years for providing business, legal, financial, or accounting services to the Company or its affiliates.	None

Condition Name	Professional qualification and experience	Independence	Number of listed companies where the person concurrently serves as independent director
Fang-Tsai Chiu	Possesses professional experience in financial accounting and taxation and is a certified public accountant who has passed the national CPA examination. Currently serves as Managing Partner of Ching Hsin CPAs. Brings extensive practical experience and thorough knowledge of relevant regulations, which supports the Board in improving the quality of corporate governance. Previously served as Staff at Deloitte Taiwan, Senior Specialist in the Underwriting Department of Grand Cathay Securities Corporation; Lead Auditor at AMIT Wireless Inc., Independent Director of Ying Han Technology Co., Ltd., GeneFerm Biotechnology Co., Ltd., and Macauto Industrial Co., Ltd., and Supervisor of Yung Fu Co., Ltd. None of the conditions listed in Article 30 of Company Act.	Serves as an independent director and meets the independence criteria, including but not limited to: neither the individual, their spouse, nor relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliates; currently holds 0 shares in the Company; does not serve as a director, supervisor, or employee of any company having a specific relationship with the Company; and has not received any remuneration in the past two years for providing business, legal, financial, or accounting services to the Company or its affiliates.	4

3. Diversity of the Board of Directors:

A. Diversity of the Board of Directors:

The structure of the Company's Board of Directors, in accordance with Article 20 of the Corporate Governance Best Practice Principles, dictates that the Board shall guide the Company's strategy, supervise the management, and be accountable to the Company and its shareholders. The various operations and arrangements of its corporate governance system shall ensure that the Board exercises its powers in accordance with applicable laws and regulations, the Company's Articles of Incorporation, or resolutions of the shareholders' meetings. The structure of the Board should take into consideration the scale of the Company's business development, the shareholding of major shareholders, and practical operational needs in determining an appropriate number of no fewer than five directors. The composition of the Board of Directors shall take diversity into consideration. Except where directors concurrently serve as the Company's managerial officers (which should not exceed one-third of total Board seats), the Company shall formulate appropriate diversity policies based on its operational needs, business model, and development strategy. These policies should include, but not be limited to, the following two major aspects:

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

Board members shall generally possess the knowledge, skills, and personal qualities necessary to fulfill their duties. To achieve the ideal goals of corporate governance, the Board as a whole should possess the following core competencies:

- I. The ability to make judgments about operations.
- II. Accounting and financial analysis abilities.
- III. Business management ability.
- IV. Crisis management ability.
- V. Industry knowledge
- VI. International market perspectives.
- VII. Leadership ability.
- VIII. Decision-making ability.

B. Specific management goals and achievement status:

Governance Objectives	Achievement
The number of independent directors reaches one-third or more of the total number of directors	Achieved
None of the independent directors holds office more than three terms	Achieved
No more than two directors are spouses or a relative within the second degree of kinship of another to each other	Achieved
At least one female director is included in the board of directors	Achieved

C. Implementation of Board Diversity Policy:

The Company's current Board of Directors consists of 9 members (including 4 Independent Directors). The Board collectively brings extensive experience and expertise in fields such as industrial operations, business strategy, legal compliance, and corporate management. One of the Directors is female. The implementation status of the Board diversity policy is

as follows:

Diversification at the Core Name of Director	Basic requirements and values								Core Competencies Expected of the Board as a Whole							
	Nationality	Gender	Concurrently Serving as an Employee	Age			Years of Service as an Independent Director		Operational Judgment	Accounting and financial analysis abilities	Management Capability	Crisis Management Capability	Industry knowledge	International market perspectives	Leadership and Decision-Making Ability	Laws
				41-50	51-60	Over 60 years old	Less than 3 years	Over 3 years								
Chang Hung Chen	Republic of China	Male	✓			✓			✓	✓	✓	✓	✓	✓	✓	✓
Liu, Li-Chi	Republic of China	Male	✓		✓				✓		✓	✓	✓	✓	✓	✓
Chang, Rui-Ling	Republic of China	Female	✓		✓				✓		✓	✓	✓	✓	✓	✓
Chang, Chi-Hsiang	Republic of China	Male	✓	✓					✓		✓	✓	✓	✓	✓	✓
Huang, Jin-Yuan	Republic of China	Male				✓			✓	✓	✓	✓	✓	✓	✓	✓
Hong, Wo-Bo	Republic of China	Male				✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Chou, Sheng-Huang	Republic of China	Male				✓	✓		✓	✓	✓	✓	✓	✓	✓	✓
Chang, Rui-Hsing	Republic of China	Male			✓		✓		✓		✓	✓	✓	✓	✓	✓
Fang-Tsai Chiu	Republic of China	Male			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓

4. Board Independence:

The Company's Board of Directors is composed of 9 members, including 4 independent directors, representing 44% of the Board. More than half of the board seats are held by individuals who do not have spousal or familial relationships within the second degree of kinship with each other. Therefore, the Company's directors and independent directors do not violate the provisions of Paragraph 3 and Paragraph 4 of Article 26-3 of the Securities and Exchange Act. Therefore, the Company's Board of Directors has the independence to exercise its powers.

5. If Directors or Supervisors are Representatives of Corporate Shareholders, the Name of the Corporate Shareholder and its Shareholding Ratio, as well as the Names and Shareholding Ratios of the Top Ten Shareholders: Not Applicable.

(II) Information on President, Vice Presidents, Assistant Managers, and Heads of Departments and Branches

April 2, 2025; Unit: Shares

Title	Nationality	Name	Gender	Inauguration date	Shareholding		Shareholdings by spouse or minor children		Shares held under the name of others		Major career (academic) background	Current employment with other companies	Managers who are spouses or relatives of second degree			Remarks
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship	
President	Republic of China	Chang Hung Chen	Male	2022.03.18	2,912,546	6.28%	444,400	0.96%	3,625,447 (Note 2)	7.82%	Department of Banking and Insurance, Aletheia University Sales Specialist, San Shing Fastech Corp. Chairman, Chun Rui Co., Ltd. President, You Hsin International Corp. (now QST International Corp.)	Responsible Person, Hung Ning Investment Co., Ltd., Hao Xin Investment Co., Ltd., and Xi Cheng Investment Co., Ltd.	—	—	—	(Note 1)
Sales Department Vice President	Republic of China	Liu, Li-Chi	Male	2021.05.26	330,580	0.71%	25,574	0.06%	1,588,206 (Note 3)	3.42%	Department of International Trade, Chinese Culture University Assistant Section Manager of the Sales Department, San Shing Fastech Corp. Section Manager of the Sales Department, Wingtone Industrial Co., Ltd. President, Accurtek Products Corp.	Responsible Person, Yi Wei Investment Co., Ltd. and Yi Bin Investment Co., Ltd.	—	—	—	—
Procurement Department Vice President	Republic of China	Chang, Rui-Ling	Female	2021.05.26	965,226	2.08%	—	—	—	—	Department of International Trade, Ming Chuan University Sales Specialist, San Shing Fastech Corp. Section Manager of the Sales Department, You Hsin International Corp. (now QST International Corp.)	None	—	—	—	—
Production Department Vice President	Republic of China	Chang, Chi-Hsiang	Male	2021.05.26	1,130,900	2.44%	52,000	0.11%	—	—	Department of Mechanical Engineering, National Kaohsiung University of Science and Technology Mold Designer, San Shing Fastech Corp. Section Manager of the Technology Division, Cava Co., Ltd. Plant Manager, Yong Cheng Technology Co., Ltd.	None	—	—	—	—
Administrative Department Vice President	Republic of China	Chang, Tung-Ching	Male	2022.05.21	207,030	0.45%	—	—	—	—	Department of Statistics, Tamkang University Manager of the Accounting Department, San Shing Fastech Corp. Audit Manager, San Shing Fastech Corp. Manager of the MIS Department, San Shing Fastech Corp.	None	—	—	—	—
Subsidiaries President	Republic of China	Lin, Chi-Sheng	Male	100.09.01	689,678	1.49%	—	—	—	—	Department of Civil Engineering, Chung Yuan Christian University Manager, Mega Facade Corporation Sales Manager, You Hsin International Corp. (now QST International Corp.)	None	—	—	—	—
Financial Supervisor	Republic of China	Liu, Hui-Hua	Female	2021.05.26	109,490	0.24%	—	—	—	—	Department of Hospital and Health Care Administration, Chia Nan University of Pharmacy and Science Accounting Specialist, Tung Kuang Enterprise Co., Ltd.	None	—	—	—	—
Accounting Officer	Republic of China	Fang, Chien-Hung	Male	2021.05.26	27,738	0.06%	—	—	—	—	Department of Statistics, Feng Chia University Audit Manager, Ernst & Young, Taiwan	None	—	—	—	—
Audit Supervisor	Republic of China	Huang, Tzu-Yun	Female	2021.05.26	123,000	0.27%	—	—	—	—	Department of Finance, Southern Taiwan University of Science and Technology Chief Accountant, You Hsin International Corp. (now QST International Corp.)	None	—	—	—	—

1. The Company's Chairman concurrently serves as the President for the purpose of improving operating efficiency and decision-making execution. To strengthen the independence of the Board, the Company's Chairman maintains close communication with all directors regarding the Company's operational status and strategic direction, thereby upholding sound corporate governance. In addition, a majority of the directors do not concurrently serve as managerial officers, and the Company has appointed independent directors to strengthen the Board's functions and oversight capabilities.
2. This refers to the total number of shares of the Company held by Hung Ning Investment Co., Ltd., Hao Xin Investment Co., Ltd., and Xi Cheng Investment Co., Ltd.
3. This refers to the total number of shares of the Company held by Yi Wei Investment Co., Ltd. and Yi Bin Investment Co., Ltd.

II. Remuneration Paid to Directors, Supervisors, President, and Vice Presidents in the Most Recent Year

(I) Remuneration paid to Directors and Supervisors in the most recent year

1. Remuneration of General Directors and Independent Directors (Disclosed in Aggregate with Salary Ranges and Names)

December 31, 2024; Unit: NT\$ thousands; thousand shares; %

Title	Name	Remuneration to directors								The ratio accounted for by the total amount of A, B, C and D to the net profit after tax		Related remuneration received by part-time employees								The ratio accounted for by the total amount of A, B, C, D, E, F and G to the net profit after tax		Remuneration received from invested companies other than the subsidiaries and the parent company
		Remuneration (A)		Severance payment and pension (B)		Remuneration to directors (C)		Business execution expenses (D)				Salaries, bonuses, special expenses, etc. (E)		Severance payment and pension (F)		Remuneration to employees (G)						
		the Company	All companies in the financial report	the Company	All companies in the financial report	the Company	All companies in the financial report	the Company	All companies in the financial report	the Company	All companies in the financial report	the Company	All companies in the financial report	the Company	All companies in the financial report	the Company		All companies in the financial report		the Company	All companies in the financial report	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman:	Chang Hung Chen	—	—	—	—	2,207	2,207	—	—	2,207 0.89%	2,207 0.89%	30,107	30,107	432	432	1,288	—	1,288	—	32,314 13.00%	32,314 13.00%	—
Chairman	Chang, Tung-Ching																					
Chairman	Chang, Rui-Ling																					
Chairman	Liu, Li-Chi																					
Chairman	Chang, Chi-Hsiang																					
Chairman	Huang, Jin-Yuan																					
Independent Director	Chou, Sheng-Huang	—	—	—	—	—	—	—	—	—	—	120	120	—	—	—	—	—	120 0.05%	120 0.05%	—	
Independent Director	Fang-Tsai Chiu																					
Independent Director	Chang, Rui-Hsing																					
Independent Director	Hong, Wo-Bo																					

- Please describe the independent directors' remuneration policy, system, standards, and structure, and explain the correlation between the remuneration amounts paid and the responsibilities, risks, and time commitments involved:
The Company pays each independent director a fixed monthly remuneration of NT\$30,000. No other variable remuneration is provided.
- In addition to the disclosure in the table above, the remuneration received by the Company's directors from all companies within the financial statements (such as serving as non-employee consultants for the parent company/all companies within the financial reports/investee companies) in the most recent fiscal year: None.

Remuneration Range Table

Range of Total Remuneration Paid to Each Director of the Company	Name of Director			
	Total Remuneration for the First Four Items (A+B+C+D)		Total Remuneration for the First Seven Items (A+B+C+D+E+F+G)	
	the Company	All companies in the financial report	the Company	All companies in the financial report
Below NT\$1,000,000	Chang, Hung-Cheng; Chang, Rui-Ling; Liu, Li-Chi; Chang, Tung-Ching; Chang, Chi-Hsiang; Chou, Sheng-Huang; Chiu, Fang-Tsai; Chang, Rui-Hsing; Hung, Wo-Po; Huang, Jin-Yuan	Chang, Hung-Cheng; Chang, Rui-Ling; Liu, Li-Chi; Chang, Tung-Ching; Chang, Chi-Hsiang; Chou, Sheng-Huang; Chiu, Fang-Tsai; Chang, Rui-Hsing; Hung, Wo-Po; Huang, Jin-Yuan	Chou, Sheng-Huang; Chiu, Fang-Tsai; Chang, Rui-Hsing Hung, Wo-Po; Huang, Jin-Yuan	Chou, Sheng-Huang; Chiu, Fang-Tsai; Chang, Rui-Hsing Hung, Wo-Po; Huang, Jin-Yuan
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)	—	—	—	—
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)	—	—	—	—
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)	—	—	Chang, Rui-Ling; Chang, Tung-Ching	Chang, Rui-Ling; Chang, Tung-Ching
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)	—	—	Chang, Hung-Cheng; Liu, Li-Chi; Chang, Chi-Hsiang	Chang, Hung-Cheng; Liu, Li-Chi; Chang, Chi-Hsiang
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)	—	—	—	—
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)	—	—	—	—
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)	—	—	—	—
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)	—	—	—	—
Over NT\$100,000,000	—	—	—	—
Total	A total of 10 people	A total of 10 people	A total of 10 people	A total of 10 people

2. Remuneration to supervisors: The Company has set up an audit committee to replace supervisors

(II) The Company does not fall under any of the following circumstances; therefore, the remuneration of individual directors and supervisors is not disclosed:

1. A company that has posted after-tax deficits in the parent company only financial reports or individual financial reports within the three most recent fiscal years shall disclose the remuneration paid to individual directors and supervisors. This requirement, however, shall not apply if the company has posted net profit after tax in the parent company only financial report or individual financial report for the most recent fiscal year and such net profit after tax is sufficient to offset the accumulated deficits.
2. A company that has had an insufficient director shareholding percentage for three consecutive months or longer during the most recent fiscal year shall disclose the remuneration of individual directors; one that has had an insufficient supervisor shareholding percentage for three consecutive months or more during the most recent fiscal year shall disclose the remuneration of individual supervisors.
3. A company that has had an average ratio of share pledging by directors or supervisors in excess of fifty percent in any three months during the most recent fiscal year shall disclose the remuneration paid to each individual director or supervisor having a ratio of pledged shares in excess of fifty percent for each such month.
4. If the total amount of remuneration received by all of the directors and supervisors in their capacities as directors or supervisors of all of the companies listed in the financial reports exceeds two percent of the net profit after tax, and the remuneration received by any individual director or supervisor exceeds NT\$15 million, the company shall disclose the remuneration paid to that individual director or supervisor.
5. A company listed on the Taiwan Stock Exchange (TWSE) or the Taipei Exchange (TPEX) is ranked within the lowest two tiers in the corporate governance evaluation for the most recent fiscal year, or in the most recent fiscal year or up to the date of publication of the annual report for that year, the company's securities have been placed under an altered trading method, suspended from trading, delisted from the TWSE or the TPEX, or the Corporate Governance Evaluation Committee has resolved that the company shall be excluded from evaluation.
6. The average annual salary of the full-time non-management employees in a TWSE or TPEX listed company is less than NT\$500,000 in the most recent fiscal year.
7. A TWSE or TPEX listed company had an increase of ten percent or more in net profit after tax for the most recent fiscal year, but the average annual salary of its full-time non-management employees did not increase relative to the preceding fiscal year.
8. A TWSE or TPEX listed company had a decline in after-tax net income reaching ten percent and exceeding NT\$5 million for the most recent fiscal year, along with an increase in its average remuneration per director (not including the remuneration of those who are also employees) reaching ten percent or more and exceeding NT\$100,000.

(III) If the circumstance in item 1 or item 5 above applies to a company listed on the TWSE or the TPEX, it shall disclose the individual remuneration paid to each of its five highest remunerated management personnel: Not applicable.

(IV) Remuneration paid to the President and Vice Presidents in the most recent year

1. Remuneration of the President and Vice Presidents

December 31, 2024; Unit: NT\$ thousands; thousand shares; %

Title	Name	Salary (A)		Severance payment and pension (B)		Bonuses, special expenses, etc. (C)		Remuneration to employees (D) (Note)				The ratio accounted for by the total amount of A, B, C and D to the net profit after tax (%)		Whether remuneration was received from investee companies other than subsidiaries
		the Company	All companies in the financial report	the Company	All companies in the financial report	the Company	All companies in the financial report	the Company		All companies in the financial report				
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Chang Hung Chen													
Vice President	Liu, Li-Chi Chang, Rui-Ling Chang, Chi-Hsiang Chang, Tung-Ching	15,456	15,456	432	432	14,651	14,651	1,288	—	1,288	—	31,827 12.81%	31,827 12.81%	—

Remuneration Range Table

Range of Total Remuneration Paid to Each President and Vice President of the Company	Names of the President and Vice Presidents	
	the Company	the Company
Below NT\$1,000,000	—	—
NT\$1,000,000 (inclusive) – NT\$2,000,000 (exclusive)	—	—
NT\$2,000,000 (inclusive) – NT\$3,500,000 (exclusive)	—	—
NT\$3,500,000 (inclusive) – NT\$5,000,000 (exclusive)	Chang, Rui-Ling; Chang, Tung-Ching	Chang, Rui-Ling; Chang, Tung-Ching
NT\$5,000,000 (inclusive) – NT\$10,000,000 (exclusive)	Chang, Hung-Cheng; Liu, Li-Chi; Chang, Chi-Hsiang	Chang, Hung-Cheng; Liu, Li-Chi; Chang, Chi-Hsiang
NT\$10,000,000 (inclusive) – NT\$15,000,000 (exclusive)	—	—
NT\$15,000,000 (inclusive) – NT\$30,000,000 (exclusive)	—	—
NT\$30,000,000 (inclusive) – NT\$50,000,000 (exclusive)	—	—
NT\$50,000,000 (inclusive) – NT\$100,000,000 (exclusive)	—	—
Over NT\$100,000,000	—	—
Total	A total of 5 people	A total of 5 people

2. Names of Managerial Officers Receiving Employee Remuneration and Details of Distribution:

December 31, 2024 ; Unit: NT\$ thousands

Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
Chairman and President	Chang Hung Chen	—	1,288	1,288	0.52.%
Vice Chairperson concurrent Vice President	Liu, Li-Chi				
Vice President of Procurement Department	Chang, Rui-Ling				
Vice President of Manufacturing Department	Chang, Chi-Hsiang				
Vice President of Administrative Department	Chang, Tung-Ching				
Audit Supervisor	Huang, Tzu-Yun	—	201	201	0.08%
Financial Supervisor	Liu, Hui-Hua				
Accounting Officer	Fang, Chien-Hung				

3. Comparison and explanation of the ratio of total remuneration paid to the Company's Directors, Supervisors, President, and Vice Presidents by the Company and its consolidated entities in the past two years to the net profit after tax of the parent company only financial statements or individual financial statements, including the remuneration policy, standards, structure, determination process, and its correlation with operating performance and future risks.

(1) Analysis of the ratio of total remuneration to net income after tax:

Unit: %

Title	2023		2024	
	Total remuneration as a percentage of net income after tax (%)		Total remuneration as a percentage of net income after tax (%)	
	the Company	All companies in the financial report	the Company	the Company
Chairman	13.81%	13.81%	13.05%	13.05%
Supervisor	0.18%	0.18%	—	—
President and Vice Presidents	13.01%	13.01%	13.00%	13.00%

(2) The remuneration policy, standards, structure, determination process, and its correlation with operating performance and future risks.

The remuneration for all Directors and Supervisors of the Company is authorized by the Board of Directors, based on the extent of their involvement in the Company's operations and the value of their contributions, with reference to industry standards. Such remuneration is paid regardless of the Company's operating performance. In the event of earnings, remuneration shall also be allocated in accordance with Article 25 of the Company's Articles of Incorporation. Following the establishment of the Remuneration Committee, the aforementioned remuneration shall first be submitted to the Committee for review, based on the level of participation and value of contribution to the Company's operations, and with reference to customary domestic and international industry standards, before being submitted to the Board of Directors for resolution.

III. Corporate Governance Practices

(I) Board of Directors Practices

In 2024, the Board of Directors held 5 meetings (A). The attendance of directors and supervisors is as follows:

Title	Name	Actual attendance (B)	No. of attendances by proxy	Attendance rate (%) "B/A"	Remarks
Chairman:	Chang Hung Chen	5	0	100%	
Vice Chairman	Liu, Li-Chi	5	0	100%	
Chairman	Chang, Rui-Ling	5	0	100%	
Chairman	Chang, Chi-Hsiang	5	0	100%	
Chairman	Huang, Jin-Yuan	5	0	100%	
Chairman	Chang, Tung-Ching	5	0	100%	
Independent Director	Hong, Wo-Bo	5	0	100%	
Independent Director	Chou, Sheng-Huang	5	0	100%	
Independent Director	Chang, Rui-Hsing	5	0	100%	
Independent Director	Fang-Tsai Chiu	5	0	100%	

Other matters to be recorded:

I. If the operation of the Board of Directors involves any of the following circumstances, the date and session of the board meeting, the agenda item, the opinions of all independent directors, and the Company's handling of the independent directors' opinions shall be stated:

- (I) Matters listed in Article 14-3 of the Securities and Exchange Act: The Company has established an Audit Committee and is therefore not subject to the provisions of Article 14-3.
- (II) Other matters resolved by the Board of Directors in which independent directors expressed dissenting or qualified opinions, either recorded or in writing: Independent directors did not express any dissent or reservations at the Board of Directors meetings in 2024.

II. In case of recusal of directors due to conflict of interest, the directors' names, the content of the proposals, the reasons for the recusal and the circumstances of their participation in voting must be noted:

Board of Directors	Agenda	Names of Directors Who Recused Themselves Due to Conflicts of Interest	Reason for Recusal	Participation in voting
3rd Meeting of the 9th Term 2024.01.23	Review of the Company's proposal to submit the 2023 year-end bonuses for managerial officers to the Remuneration Committee.	Director Chang, Hung-Cheng Director Liu, Li-Chi Director Chang, Rui-Ling Director Chang, Chi-Hsiang	Four directors concurrently serve as the Company's managers and recused themselves from the 2023 year-end bonuses for managerial officers.	With the exception of the legally recused directors who did not participate in the discussion or voting, the remaining attending directors unanimously approved the proposal.
6th Meeting of the 9th Term 2024.11.12	Proposal to lift the non-compete restrictions on the Company's directors (including independent directors).	Independent Director Chiu, Fang-Tsai	Independent directors with concurrent roles as directors or supervisors of other companies	With the exception of the legally recused directors who did not participate in the discussion or voting, the remaining attending directors unanimously approved the proposal.
7th Meeting of the 9th Term 2024.12.23	Review of the Company's proposal to submit the 2024 year-end bonuses for managerial officers to the Remuneration Committee.	Director Chang, Hung-Cheng Director Liu, Li-Chi Director Chang, Rui-Ling Director Chang, Chi-Hsiang	Four directors concurrently serve as the Company's managers and recused themselves from the 2024 year-end bonuses for managerial officers.	With the exception of the legally recused directors who did not participate in the discussion or voting, the remaining attending directors unanimously approved the proposal.
	Review of the proposal regarding managerial officers' subscription of shares in connection with the Company's cash capital increase, to be submitted to the Remuneration Committee for handling.	Director Chang, Hung-Cheng Director Liu, Li-Chi Director Chang, Rui-Ling Director Chang, Chi-Hsiang	Four directors concurrently serve as the Company's managerial officers and recused themselves from the allocation of subscription shares to managerial officers in the cash capital increase through new share issuance.	With the exception of the legally recused directors who did not participate in the discussion or voting, the remaining attending directors unanimously approved the proposal.

III. Implementation of Board of Directors Self-Evaluation (or Peer Evaluation):

1. To implement corporate governance and enhance the functions of the Company's Board of Directors, and to establish performance objectives to strengthen the efficiency of the Board's operations, the "Rules for Performance Evaluation of Board of Directors," have been established in accordance with Article 37 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Conducted once per year	2024.01.01 to 2024.12.31	Entire Board	Board Internal Self-Evaluation	I. Degree of participation in the Company's operations II. Improvement of the quality of the board of directors' decision making III. Composition and structure of the board of directors IV. Selection and continuing education of directors V. Internal control
		Individual Board Members	Director Self-Evaluation	I. Understanding of Company Goals and Missions II. Awareness of Directors' Responsibilities III. Degree of participation in the Company's operations IV. Internal Relationship Management and Communication V. Professionalism and Continuous Professional Development of Directors VI. Internal control
		Functional Committees	Functional Committee Self-Evaluation	I. Degree of participation in the Company's operations II. Awareness of Functional Committee Responsibilities III. Enhancing the Quality of Functional Committee Decisions IV. Composition and Member Election of Functional Committees V. Internal control

Results of the 2024 Board of Directors Internal Performance Evaluation:

- A. Total Average Score for the Board of Directors Performance Evaluation: 40 out of 40.
- B. Total Average Score for Individual Director Performance Evaluation: 22 out of 22.
- C. Total Average Score for Audit Committee Performance Evaluation: 21 out of 21.
- D. Total Average Score for Remuneration Committee Performance Evaluation: 18 out of 18.

The consolidated average scores of the overall Board of Directors, individual directors, and functional committees indicate that the Company's overall operations remain sound.

IV. Objectives and Evaluation of Implementation for Enhancing Board Functions in the Current and Most Recent Fiscal Years (e.g., Establishment of an Audit Committee, Increased Information Transparency):

- (I) To strengthen the functions of the Board of Directors and enhance corporate governance, the Company elected four independent directors at the Extraordinary Shareholders' Meeting held on November 28, 2023, and established an Audit Committee in accordance with the Company's Articles of Incorporation, with all independent directors serving as the first term members.
- (II) In accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange, the Remuneration Committee was established on November 28, 2023, with all members serving as independent directors to strengthen the Company's oversight functions.
- (III) In order to enhance the information transparency of the Company, the attendance of directors will be announced on the Market Observation Post System immediately after each Board meeting. Any resolutions classified as material information are disclosed in accordance with applicable regulations.
- (IV) To establish sound corporate governance practices and support directors in the execution of their duties while enhancing Board effectiveness, the Company implemented the "Standard Operating Procedures for Handling Directors' Requests" on October 20, 2023.
- (V) The Board of Directors appointed a Corporate Governance Officer on October 20, 2023.
- (VI) None of the Company's directors is a spouse or a relative within the second degree of kinship.
- (VII) The Company has purchased liability insurance for all directors in accordance with the law.
- (VIII) On April 9, 2024, the Company's "Rules for Performance Evaluation of Board of Directors," "Corporate Governance Best Practice Principles," "Procedures for Ethical Management and Guidelines for Conduct," "Codes of Ethical Conduct," and "Sustainable Development Best Practice Principles" were established.

(II) Operations of the Audit Committee:

1. Information on Audit Committee's operation status:

At the Extraordinary Shareholders' Meeting held on November 28, 2023, the Company elected four independent directors and established the first Audit Committee.

(1) The primary purpose of this Committee is to supervise the following matters:

- (A) The fair presentation of the Company's financial statements.
- (B) The selection/dismissal, independence, and performance of the certified public accountants.
- (C) The effective implementation of the Company's internal control system.
- (D) The Company's compliance with relevant laws and regulations.
- (E) The management of the Company's existing or potential risks.

(2) The Committee's responsibilities include the following:

- (A) Establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (B) Evaluated effectiveness of the internal control system.
- (C) Establishment or amendment of the Operating Procedures for the Acquisition or Disposal of Assets, Engagement in Derivative Trading, Loaning of Funds, Endorsement or Guarantee for Others, among other material financial business acts in accordance with Article 36-1 of the Securities and Exchange Act.
- (D) Matters on the directors' interests.
- (E) Material asset or derivative transactions.
- (F) Material fund lending, endorsement or guarantee.
- (G) Offering, issuance or private placement of securities of equity nature.
- (H) Appointment, dismissal or remuneration of CPAs.
- (I) Appointment and dismissal of financial, accounting or internal audit officers.
- (J) Annual and semi-annual financial reports.
- (K) Material matters specified by other companies or competent authorities.

(3) In 2024, the Audit Committee convened a total of 5 (A) meetings, and the attendance was as follows:

Title	Name	No. of actual attendances (in nonvoting capacity) (B)	No. of attendances by proxy	Attendance rate (%) "B/A"	Remarks
Independent Director Convener	Fang-Tsai Chiu	5	0	100%	
Independent Director	Chou, Sheng-Huang	5	0	100%	
Independent Director	Chang, Rui-Hsing	5	0	100%	
Independent Director	Hong, Wo-Bo	5	0	100%	

Other matters to be recorded:

I. Under any of the following circumstances of the Audit Committee, specify the meeting date, session number, proposal content, independent directors' objections, qualified opinions or major suggestions, resolution results of the Audit Committee, and responses to the opinions of the Audit Committee:

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

Audit Committee	Agenda	Result	Audit Committee resolution
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Meeting Session & Date			results and the Company's handling of Audit Committee opinions
3rd Meeting of the 1st Term 2024.04.09	1. Proposal to authorize the Company's independent directors to approve audit plans, reports, implementation status declarations, and improvement declarations for internal control deficiencies and irregularities. 2. Proposal for the Company's 2023 Statement of Internal Control. 3. Proposal regarding the independence, appointment, compensation, and non-assurance services of the Company's independent auditors. 4. Proposal for the Company's 2023 Business Report and Financial Statements. 5. Proposal for the Company's 2023 earnings distribution. 6. Proposal to amend certain provisions of the Company's "Articles of Incorporation," "Operational Procedures for Loaning Funds to Others," "Operational Procedures for Endorsements/Guarantees," "Procedures for Acquisition or Disposal of Assets," "Procedures for Derivatives Transactions," "Procedures for Professional Accounting Judgments, and Processes for Making Changes in Accounting Policies and Estimates," "Rules of Procedure for Board of Directors Meetings," "Rules for Director Elections," and "Procedures for Reporting New Appointments (Resignations) of Insiders."	All Attending Committee Members Approved unanimously as proposed.	Submitted to the Board of Directors and approved by all attending directors.
4th Meeting of the 1st Term 2024.08.14	1. Proposal for the Company's "Statement of Internal Control System." 2. Proposal for the Company's Q2 2024 Consolidated Financial Statements. 3. Proposal for the establishment of the organizational charter of the Sustainable Development Committee and the formation of the Committee 4. Proposal to amend certain provisions of the internal control system 5. Proposal to establish the risk management policy and operating procedures	All Attending Committee Members Approved unanimously as proposed.	Submitted to the Board of Directors and approved by all attending directors.
5th Meeting of the 1st Term 2024.11.12	1. Proposal for the Company's Q3 2024 Consolidated Financial Statements. 2. Proposal to amend certain provisions of the internal control system. 3. Proposal to establish the "Management Guidelines for Sustainable Information."	All Attending Committee Members Approved unanimously as proposed.	Submitted to the Board of Directors and approved by all attending directors.
6th Meeting of the 1st Term 2024.12.23	1. Proposal for the Company's 2025 audit plan. 2. Proposal for the Company's 2025 budget. 3. Proposal to allocate shares for public offering in connection with the Company's initial application for listing on TPEx through a cash capital increase.	All Attending Committee Members Approved unanimously as proposed.	Submitted to the Board of Directors and approved by all attending directors.

(II) Except for the aforementioned matters, other resolutions not approved by the Audit Committee but approved by at least two-thirds of all Directors: No such situation.

II. Execution Status of Independent Directors' Recusal from Proposals Involving Conflicts of Interest (should state the names of independent directors, content of the proposal, reasons for recusal due to conflict of interest, and voting status): Not Applicable.

III. Communication Status between Independent Directors and the Chief Internal Auditor and the Independent Auditors (should include significant matters, methods, and outcomes of communication regarding the Company's financial and sales operations):

(I) The Company's Chief Internal Auditor provides monthly audit reports to the Independent Directors for their review and also reports and explains the execution status of the audit plan or significant audit findings during each quarterly Audit Committee meeting.

(II) The Company's Independent Directors maintain sound communication with the independent auditors. The independent auditors communicate with the Independent Directors during each quarterly Audit Committee meeting regarding the results of their audit (review) of the financial statements and matters required by relevant laws and regulations.

(III) Independent directors can also communicate with the Chief Internal Auditor and the independent auditors

regarding the Company's financial and sales operations through telephone, email, or in-person meetings.
(IV) Communication Matters and Outcomes between Independent Directors, the Chief Internal Auditor, and the Independent Auditors in the Most Recent Year:

Meeting Date	Communication methods	Communicated matters	Communication Outcomes
2024.04.09	Board of Directors	1. Internal Audit Operational Report. 2. Approval of the proposal for the independence of the independent auditors of Ernst & Young for 2023. 3. Proposal for the non-assurance services provided by Ernst & Young and its affiliates. 4. Approval of the Company's 2023 Business Report and Financial Statements.	No dissenting opinions.
2024.08.14	Seminars	1. Explanation of updates to securities-related regulations. 2. Discussion on the implementation status of the audit plan from January to July 2024. 3. Discussion on the Company's Q2 2024 Consolidated Financial Statements.	No dissenting opinions.
2024.08.14	Board of Directors	1. Internal Audit Operational Report. 3. Approval of the proposal for the Company's Q2 2024 Consolidated Financial Statements.	No dissenting opinions.
2024.11.12	Audit Committee Board of Directors	1. Internal Audit Operational Report. 2. Approval of the independence of the independent auditors of Ernst & Young for 2024. 3. Approval of the proposal for the Company's Q3 2024 Consolidated Financial Statements. 4. Appointment and remuneration of the Company's independent auditors in 2025.	No dissenting opinions.
2024.12.23	Board of Directors	1. Internal Audit Operational Report. 2. The Company's 2025 audit plan.	No dissenting opinions.

(III) Corporate Governance Practices and Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons Therefor

Assessment item	Governance Practices (Note)			Deviation from the "Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies" and the reasons.
	Yes	No	Summary description	
I. Has the Company established and disclosed its Corporate Governance Practices and differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company's Board of Directors approved the establishment of the "Corporate Governance Best Practice Principles" on April 19, 2023, and disclosed it on the Company's website and the Market Observation Post System.	No significant difference.
II. Shareholding Structure and Shareholders' Rights				
(I) Has the Company established internal procedures for handling shareholder proposals, inquiries, disputes, and litigation matters, and are these procedures being followed?	✓		1. The Company has designated a spokesperson and deputy spokesperson responsible for handling shareholder proposals, inquiries, and disputes. 2. The shareholder services section of the Investor Relations area on the Company's website provides a dedicated contact line and email address.	No material deviation.
(II) Does the Company keep track of the major shareholders who have actual control over the Company and the ultimate controllers of such major shareholders?	✓		The Company has designated personnel and a shareholder services agent responsible for monitoring the shareholding status of directors, managerial officers, and shareholders holding 5% or more of the Company's shares. This information is reported monthly in accordance with applicable regulations.	No material deviation.
(III) Has the Company established and implemented risk control and firewall mechanisms for transactions with affiliated enterprises?	✓		1. The Company has established the "Regulations for the Management of Related Party Transactions (including Specific Companies and Corporate Groups)" as the basis for risk control in dealings with affiliated enterprises. 2. Business interactions between the parent company and its subsidiaries are conducted in accordance with the Company's "Subsidiary Supervision and Management Guidelines."	No material deviation.
(IV) Has the Company established internal regulations to prohibit insiders from trading securities using non-public information?	✓		The Company has established the "Insider Trading Prevention Guidelines" and the "Procedures for Handling Material Internal Information" to prohibit insiders from trading securities using material non-public information. With internal training and promotion from time to time	No material deviation.
III. Composition and Duties of the Board of Directors				

Assessment item	Governance Practices (Note)			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.				
	Yes	No	Summary description					
(I) Does the board of directors draft and implement diversified policies and specific management objectives?	✓		For details on the Company’s board diversity policy, specific management objectives, and implementation status, please refer to page 11 of the Annual Report.	No material deviation.				
(II) Has the Company voluntarily established various other functional committees in addition to the Remuneration Committee and the Audit Committee according to the law?	✓		In addition to establishing a Remuneration Committee and an Audit Committee in accordance with legal requirements, the Company has also established a Sustainability Committee. The establishment of other functional committees will be evaluated based on future needs.	No material deviation.				
(III) Has the Company established the Board performance assessment measure and evaluation method, implemented performance evaluation annually and regularly, reported the results of the performance evaluation to the Board of Directors, and applied the results to individual directors’ remuneration and nomination for consecutive terms of office?	✓		1. The Company's Board of Directors approved the adoption of the "Rules for Performance Evaluation of Board of Directors," on April 9, 2024, and the internal performance evaluation of the Board of Directors is conducted once a year. 2. The Company completed its internal self-evaluation of the Board of Directors' performance for the year 2024. The evaluation covered the overall performance of the Board, individual directors, and functional committees. The results indicated that the Board is operating effectively. The evaluation was reported to the Board of Directors on March 12, 2025, and has been used as a reference for determining individual directors' remuneration and nomination for re-election.	No material deviation.				
(IV) Does the Company regularly assess the independence of CPAs?	✓		The Company's Accounting Department conducts an annual assessment of the independent auditors' professional competence, independence, and suitability (evaluation details provided below). The independent auditors have also submitted an independence declaration for the entrusted audit work. The assessment of the CPA's independence for the year 2024 was approved by both the Audit Committee and the Board of Directors on March 12, 2025.	No material deviation.				
			<table><tr><th>Assessment Criteria</th><th>Assessment result</th></tr><tr><td>1. The independent auditors have no direct or material indirect financial interest in the Company.</td><td>■Yes □No</td></tr></table>		Assessment Criteria	Assessment result	1. The independent auditors have no direct or material indirect financial interest in the Company.	■Yes □No
			Assessment Criteria		Assessment result			
1. The independent auditors have no direct or material indirect financial interest in the Company.	■Yes □No							

Assessment item	Governance Practices (Note)			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No	Summary description	
			2. There is no significant and close business relationship between the independent auditors and the Company. ■Yes □No	
			3. There is no potential employment relationship between the independent auditors and the Company during the audit period. ■Yes □No	
			4. There are no loan arrangements between the independent auditors and the Company. ■Yes □No	
			5. The independent auditors have not received gifts or gratuities of significant value (i.e., exceeding normal standards of social courtesy) from the Company or its directors or officers. ■Yes □No	
			6. The independent auditors have not provided audit services to the Company for seven consecutive years. ■Yes □No	
			7. The independent auditors do not hold any shares in the Company. ■Yes □No	
			8. Neither the independent auditors, their spouses or dependents, nor members of their audit team have served as a director, officer, or in any position that could significantly influence the audit engagement during the audit period or within the past two years. It has also been confirmed that they will not assume such roles during the upcoming audit period. ■Yes □No	
			9. The independent auditors comply with the independence requirements set forth in The Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic ■Yes □No	

Assessment item	Governance Practices (Note)			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No	Summary description	
			of China No.10 "Integrity, Objectivity and Independence" and have submitted a signed "Independence Declaration." Assessment Result: For the current fiscal year, CPA Hung, Kuo-Sen and CPA Li, Fang-Wen of Ernst & Young, Taiwan were engaged as the independent auditors for the Company's financial statements. Based on the assessment, both individuals were determined to meet the independence and suitability requirements without concern.	
IV. Has the Company appointed an appropriate number of qualified corporate governance personnel and designated a corporate governance officer responsible for corporate governance-related matters (including but not limited to providing directors and supervisors with the information required to perform their duties, assisting directors and supervisors in complying with applicable laws and regulations, handling matters related to Board and shareholders' meetings in accordance with the law, and preparing minutes of such meetings)?	✓		The Company has appointed personnel responsible for corporate governance-related matters and has designated a deputy head of the management department, who has extensive management experience within the Company, to serve as the corporate governance officer. This role is responsible for promoting corporate governance and supporting the effective functioning of the Board of Directors. Corporate governance-related matters should at a minimum include the following: I. Handling company registration and changes to registration. II. Conducting matters related to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law, and assisting the Company in complying with the relevant laws and regulations of the Board of Directors and the Shareholders' Meeting. III. Preparing minutes of Board and shareholders' meetings. IV. Providing directors with the information necessary to perform their duties, including updates on the latest legal and regulatory developments related to the Company's operations, to assist directors in complying with applicable laws. V. Matters related to investor relations. VI. Other matters specified in the Articles of Incorporation or contractual agreements.	No material deviation.

Assessment item	Governance Practices (Note)			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No	Summary description	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, and suppliers), set up a stakeholder section on its website, and appropriately responded to key corporate social responsibility issues of concern to stakeholders?	✓		The Company has established a stakeholder section on its website with a designated contact window. In addition, the spokesperson and deputy spokesperson are responsible for handling related matters. The Company provides the latest information through the Market Observation Post System and its website to facilitate communication channels for stakeholders under various circumstances.	No material deviation.
VI. Has the Company appointed a professional shareholder services agent to handle shareholders' meeting matters?	✓		In addition to establishing an internal unit dedicated to shareholder services, the Company has appointed the "Stock Transfer Agency Department of Fubon Securities Co., Ltd." as its professional agent to assist with shareholders' meetings and other shareholder-related matters.	No material deviation.
VII. Information Disclosure				
(I) Has the Company established a website to disclose financial, business, and corporate governance information?	✓		The Company has established an "Investor Relations" section on its website to disclose at least three years of financial, business, and corporate governance information. A designated person is responsible for regularly updating the content.	No material deviation.
(II) Has the Company adopted other methods of information disclosure (such as maintaining an English-language website, appointing personnel responsible for collecting and disclosing company information, implementing a spokesperson system, or posting investor conference materials on the Company's website)?	✓		1. The Company's website: spec.com.tw 2. The Company has appointed dedicated personnel responsible for compiling and disclosing company information, and information disclosure is carried out by the designated spokesperson and deputy spokesperson. 3. Materials from the investor conferences held by the Company are made publicly available on the Company's website and the Market Observation Post System.	No material deviation.
(III) Does the Company announce and file its annual financial report within two months after the end of the fiscal year, and announce and file its first, second, and third quarter financial reports and monthly operating results ahead of the regulatory deadlines?		✓	The Company has not yet announced and filed its annual financial report within two months after the end of the fiscal year; however, it continues to announce and file financial reports and monthly revenue figures within the required deadlines.	Not announced or filed in advance.

Assessment item	Governance Practices (Note)			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No	Summary description	
VIII. Are there any other important disclosures that help stakeholders understand the Company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor training, implementation of risk management policies and risk assessment standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?	✓		1. Employee Rights and Employee Care: The Company's management places a high level of importance on employee rights. In addition to complying with the Labor Standards Act and relevant laws and regulations, the Company has established an Employee Welfare Committee and allocates employee welfare funds and retirement benefits. It also actively promotes various welfare programs and activities to protect employee rights, enhance retention, and strengthen the Company's competitiveness. 2. Investor Relations and Stakeholder Rights: In accordance with relevant regulations, the Company discloses operating information through the "Market Observation Post System" to safeguard the rights and interests of stakeholders. A spokesperson and deputy spokesperson have been designated, and contact channels such as email and telephone are provided to enable stakeholders to share feedback. 3. Supplier Relations: The Company emphasizes the reasonableness of procurement pricing. Decisions are made after thorough comparison of factors such as unit price, specifications, payment terms, delivery schedule, product and service quality, and other relevant information. Communication channels between the Company and its customers and suppliers remain open and effective, and the relationships are well maintained. 4. Continuing Education of Directors: Please refer to (Note 1). 5. Implementation of Risk Management Policies and Risk Assessment Standards: The Company has established an internal control system in accordance with applicable laws and regulations. It conducts annual risk assessments and formulates an annual audit plan to reduce and prevent potential risks. 6. Implementation of Customer Policies:	No material deviation.

Assessment item	Governance Practices (Note)			Deviation from the “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons.
	Yes	No	Summary description	
			Adhering to a service philosophy of efficiency, integrity, and pursuit of excellence in quality, the Company assigns dedicated personnel to manage customer accounts, understand customer needs, and provide timely feedback to relevant departments. 7. The Purchase of Liability Insurance for Directors: The Company has purchased liability insurance for all directors and managerial officers.	
IX. Please describe the improvements made based on the most recent Corporate Governance Evaluation results published by the Corporate Governance Center of the Taiwan Stock Exchange, and identify priority items and measures for areas that have not yet been improved. (Not required for companies not included in the evaluation) Not applicable.				

Note: Regardless of whether "Yes" or "No" is selected under the operational status column, a summary explanation must be provided.

Note 1: Director Continuing Education Status for the Year 2024

Title	Name	Training date	Organizer	Course name	Hours of continuing education
Chairman (President) Vice Chairman (Vice President of Sales) Director (Vice President of Production) Director (Vice President of Procurement) Director Independent Director Independent Director Independent Director Independent Director Independent Director	Chang, Hung-Cheng	2023/11/28	Taiwan Corporate Governance Association	Duties, Responsibilities, and Restrictions of Directors under the Securities and Exchange Act	3
	Liu, Li-Chi				
	Chang, Chi-Hsiang	2024/01/23	Taiwan Corporate Governance Association	Corporate Governance and Securities Laws and Regulations	3
	Chang, Rui-Ling	2024/04/09	Taiwan Corporate Governance Association	Uncovering Key Insights Hidden in Financial Statements	3
	Huang, Jin-Yuan				
	Fang-Tsai Chiu	2024/08/14	Taiwan Corporate Governance Association	Labor Disputes and Corporate Governance	3
	Hong, Wo-Bo				
	Chang, Rui-Hsing	2024/12/23	Taiwan Corporate Governance Association	Sustainability Trends and Financial Reporting Updates Directors Should Know	3
	Chou, Sheng-Huang				

(IV) Composition and Operation of the Remuneration Committee:

1. Information on Remuneration Committee Members:

At the Extraordinary Shareholders' Meeting held on November 28, 2023, the Company elected four independent directors and established the first Remuneration Committee.

Criteria		Professional Qualifications and Experience	Independence Status	Number of publicly listed companies where the member concurrently serves as Salary and Remuneration Committee member
Identity	Name			
Independent Director /Convener	Chou, Sheng-Huang	Possesses work experience in commercial, legal, financial, and managerial functions within the banking industry. Previously served as Assistant Vice President of the Tainan Regional Corporate Banking Center, CTBC Bank Co., Ltd., and Assistant Vice President of the Credit Department - Institutional Banking of Taipei Fubon Commercial Bank Co., Ltd. (retired). None of the circumstances listed under Article 30 of the Company Act apply.	Serves as an independent director and meets the independence criteria, including but not limited to: neither the director, spouse, nor relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or any of its affiliates; does not hold any shares in the Company; does not serve as a director, supervisor, or employee of any company having a specific relationship with the Company; and has not received any remuneration in the past two years for providing business, legal, financial, or accounting services to the Company or its affiliates.	0
Independent Director	Hong, Wo-Bo	Possesses practical experience in the management and sales of fastener manufacturing and processing, as well as the steel industry, aligned with the Company's required industry expertise. Previously served as Chairman of You Hsin International Corp. (now QST International		0

Criteria		Professional Qualifications and Experience	Independence Status	Number of publicly listed companies where the member concurrently serves as Salary and Remuneration Committee member
Identity	Name			
		Corp.) (retired), Supervisor of Sin Fu Shan International Corp., and Supervisor of Mu Hsin Investment Co., Ltd. None of the circumstances listed under Article 30 of the Company Act apply.		
Independent Director	Chang, Rui-Hsing	Possesses practical experience in legal, commercial, and academic management, currently serving as Dean of the College of Business at Southern Taiwan University of Science and Technology. Previously served as Professor and Director of the Graduate Institute of Financial and Economic Law at Southern Taiwan University of Science and Technology, and Director of the Science & Technology Law Institute at the Institute for Information Industry. None of the circumstances listed under Article 30 of the Company Act apply.		0
Independent Director	Fang-Tsai Chiu	Possesses professional experience in financial accounting and taxation and is a certified public accountant who has passed the national CPA examination. Currently serves as Managing Partner of Ching Hsin CPAs. Brings extensive practical experience and thorough knowledge of relevant regulations, which supports the Board in improving the quality of corporate governance. Previously served as Staff at Deloitte Taiwan, Senior Specialist in the Underwriting Department of Grand Cathay Securities Corporation; Lead Auditor at AMIT Wireless Inc., Independent Director of Ying Han Technology Co., Ltd., GeneFerm Biotechnology Co., Ltd., and Macauto Industrial Co., Ltd., and Supervisor of Yung Fu Co., Ltd. None of the circumstances listed under Article 30 of the Company Act apply.		3

2. Duties of the Remuneration Committee:

The Committee faithfully performs the following duties and submits its recommendations to the Board of Directors for resolution:

- (1) Periodically reviews the Charter and proposes amendments as needed.
- (2) Establishes and periodically reviews the policies, systems, standards, and structures for annual and long-term performance goals and remuneration of the Company's directors and managerial officers .

- (3) Periodically evaluates the performance of the Company's directors and managerial officers in achieving performance goals and determines the content and amount of their individual remuneration.

3. Composition and Operation of the Remuneration Committee:

- (1) The Company's Remuneration Committee consists of four members.
(2) Term of current committee members: November 28, 2023 to November 27, 2026.
(3) In 2024, the Remuneration Committee convened a total of 4 (A) meetings, and the attendance was as follows:

Title	Name	Actual attendance (B)	Number of proxy attendances	Attendance rate (%) "B/A"	Remarks
Independent Director Convener	Fang-Tsai Chiu	4	0	100%	
Independent Director	Chou, Sheng-Huang	4	0	100%	
Independent Director	Chang, Rui-Hsing	4	0	100%	
Independent Director	Hong, Wo-Bo	4	0	100%	

Other information to be disclosed:

- I. If the Board of Directors does not adopt or modifies the recommendations of the Remuneration Committee, it shall disclose the date of the board meeting, meeting session, proposal content, resolution results, and how the Company handled the Remuneration Committee's opinions (if the remuneration approved by the Board is more favorable than that recommended by the Remuneration Committee, the differences and reasons shall be explained): No such situation occurred.
II. If any member of the Remuneration Committee expresses an objection or reservation regarding a resolution, and such opinion is recorded or stated in writing, the meeting date, session, proposal content, all members' opinions, and how those opinions were handled shall be disclosed: No such situation occurred.

4. Summary of Remuneration Committee Resolutions in 2024:

Remuneration Committee Meeting Session & Date	Proposal Content	Resolution Result	Company's Response and Implementation Status
2nd Meeting of the 1st Term 2024.01.23	1. Proposal for the year-end bonus plan for managerial officers in 2023	All Attending Committee Members Approved unanimously as proposed.	Submitted to the Board of Directors and approved by resolution
3rd Meeting of the 1st Term 2024.04.09	1. Proposal for the remuneration of directors, supervisors and employees of the Company for 2023.	All Attending Committee Members Approved unanimously as proposed.	Submitted to the Board of Directors and approved by resolution
4th Meeting of the 1st Term 2024.08.14	1. Mid-Autumn Festival bonus plan for the Company's managerial officers in 2024.	All Attending Committee Members Approved unanimously as proposed.	Submitted to the Board of Directors and approved by resolution
5th Meeting of the 1st Term 2024.12.23	1. Proposal for the mid-autumn festival bonus plan for managerial officers in 2024 2. Managerial officers' subscription of shares in connection with the Company's cash capital increase.	All Attending Committee Members Approved unanimously as proposed.	Submitted to the Board of Directors and approved by resolution

(IV) Composition and Operation of the Nomination Committee: Not established; therefore, not applicable.

(V) Implementation of Sustainability Practices and Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the Reasons Therefor

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary Explanation	
I. Has the Company established a governance structure for promoting sustainable development, set up full-time (part-time) units for driving sustainable development, had the board of directors to authorize top management to deal with related matters and instructed the board of directors to supervise?	✓		1. The Company's Board of Directors has approved the establishment of the "Sustainable Development Best Practice Principles" to fulfill its corporate social responsibility and promote economic, environmental and social progress to achieve the goal of sustainable development. 2. The Board of Directors has authorized the management department to lead the Company's sustainability efforts. A part-time sustainability unit has been established, and each department implements corporate social responsibility and public interest initiatives within the scope of its functions. The implementation status is reported to the Board of Directors once a year.	No significant difference.
II. Has the Company conducted risk assessments on environmental, social, and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulated relevant risk management policies or strategies?	✓		1. The Company has established the "Sustainable Development Best Practice Principles" and, in accordance with the principle of materiality, conducts risk assessments on environmental, social, and corporate governance issues related to its operations. To enhance risk management practices, strengthen corporate governance, and reduce potential operational risks, the Company adopted a Risk Management Policy and Procedures through a resolution of the Board of Directors on August 14, 2024, to implement a sound risk control and oversight mechanism. 2. The Company's risk management organizational structure includes the Board of Directors, the Audit Committee, and relevant departments and units. Each department/unit conducts risk identification based on the Company's operating environment, potential risk scenarios, and their possible impact on operations, to identify risks that affect the Company's strategies and objectives. Risk Identification Dimensions Include: Strategic Risks: Including industry changes, technological developments, business model transformation, and organizational adaptability. Operational Risks: Including market supply and demand, business interruptions, information security management, intellectual property, investment activities, and insurance. Financial Risks: Including interest rates, exchange rates, liquidity, debt ratio, and management of derivative instruments.	No material deviation.

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary Explanation	
			Environmental Risks: Including climate change, natural disasters, food safety and environmental protection, and occupational health and safety. Regulatory and Compliance Risks: Including environmental regulations, personal data protection, corporate governance, and anti-corruption.	
III. Environmental issues				
(I) Has the Company established an appropriate environmental management system based on the characteristics of its industry?	✓		In addition to complying with all applicable environmental regulations in its business operations, the Company has also obtained ISO 14001 Environmental Management System certification.	No material deviation.
(II) Has the Company committed to improving the efficiency of resource utilization and to using renewable materials with lower environmental impact?	✓		The Company is committed to improving the utilization efficiency of all resources. It implements recycling practices and selects resource management methods that comply with waste disposal regulations to reduce environmental impact. The Company also promotes the use of an electronic approval system to reduce the printing of letters and official documents, and internal communications are conducted via email to minimize paper usage, thereby reducing the impact of the Company's operations on the environment.	No material deviation.
(III) Has the Company assessed its current and future potential risks and opportunities of climate change and taken countermeasures against climate-related issues?	✓		The Company actively promotes energy conservation and carbon reduction measures (such as adjusting air conditioning use, taking the stairs, and using public transportation) as well as initiatives to reduce greenhouse gas emissions, water consumption, and waste generation. Equipment is regularly maintained and upgraded to further reduce greenhouse gas emissions. The Company monitors climate change risks and opportunities from laws and regulations, natural disasters and others, and develops countermeasures based on their degree of impact.	No material deviation.
(IV) Has the Company compiled statistics on its greenhouse gas emissions, water consumption, and total waste output over the past two years, and established policies for greenhouse gas reduction, water conservation, or other waste management practices?	✓		The Company began conducting its carbon inventory for the year 2024 starting in 2025, and has reviewed the results to explore potential opportunities for energy conservation and carbon reduction. The Company's implementation status is as follows: 1. The office has adopted various energy-saving measures, including setting air conditioning temperatures to 27°C and encouraging the use of electric fans to improve air circulation. Employees are also encouraged to use the stairs more often to reduce elevator usage. 2. Air conditioning and other electrical equipment are programmed to shut off automatically to prevent energy waste due to human oversight.	No material deviation.

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons
	Yes	No	Summary Explanation	
			3. The office floors actively promote turning off lights when not in use, and motion-sensor lighting has been installed in hallways to reduce electricity consumption. 4. The rooftop of the Rende Plant has been leased for solar power generation, thereby achieving the goal of energy conservation and carbon reduction. 5. The plants are designed with high ceilings to accelerate air circulation. Natural convection is used to expel smoke and heat, reducing reliance on electrically powered ventilation systems. 6. Use recycled paper to print internal documents to significantly reduce paper consumption. 7. The Company has invested in the improvement of electronic processes and used electronic filing to reduce the amount of paper used to achieve paperless management in the office.	
IV. Social issues				
(I) Has the Company established relevant management policies and procedures in accordance with applicable laws and international human rights conventions?	✓		The Company complies with relevant labor laws and internationally recognized human rights conventions. It has established a human rights policy and related management procedures to safeguard employees' rights and interests.	No material deviation.
(II) Has the Company established and implemented reasonable employee welfare measures (including remuneration, leave, and other benefits), and appropriately reflected business performance or results in employee compensation?	✓		1. The Company has adopted the "Work Rules" and "Employee Performance Evaluation Policy" to ensure fair remuneration, leave, and various employee benefits. A reasonable incentive system is in place to encourage performance and value creation, and related systems are regularly reviewed and updated. 2. An Employee Welfare Committee has been established to implement various employee benefit programs. 3. The Company, in accordance with the Articles of Incorporation, provides employees' remuneration based on the Company's operating conditions.	No material deviation.
(III) Has the Company provided a safe and healthy work environment, and regularly carried out safety and health education for employees?	✓		1. The Company has established occupational safety and health policies in accordance with the Occupational Safety and Health Act and respects the expectations of relevant stakeholders regarding workplace safety, aiming to build a healthy and fulfilling work environment. The Company takes disaster prevention and hazard control as its core concepts, using appropriate management tools, proven technologies, and available resources to address occupational safety and health issues across its operating sites. It proposes	No material deviation.

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEx-Listed Companies and the reasons
	Yes	No	Summary Explanation	
			effective countermeasures, continuously promotes a safety culture, strengthens protection management for operational personnel, and allocates resources to enhance the prevention of occupational diseases, with the goal of creating a hazard-free environment. 2. In 2024, the Company had one case of occupational disaster involving one person, accounting for 0.88% of 113, the total number of employees. Improvement: Enhance occupational safety and health education and training for relevant personnel, and promote the operation instructions of machinery and equipment. 3. The Company's occupational safety training and promotion in 2024: (1) Fire and disaster prevention drills are held twice a year, on June 14 and December 20. (2) A total of 90 people participated in health education, accounting for 80% of the total number of participants. (3) The first phase of gender equality education promotion has been completed. 4. The number of fire cases in 2024 was 0.	
(IV) Has the Company established an effective career development training program for its employees?	✓		The purpose of the Company's career development training is to align with long-term corporate goals and focus on enhancing employees' professional skills and knowledge, ensuring continuous improvement in key competencies and future critical skills. The Company also supports employees' career growth by encouraging on-the-job continuing education and providing official leave and subsidies for training expenses.	No material deviation.
(V) With regard to customer health and safety, customer privacy, marketing, and labeling of products and services, does the Company comply with relevant laws and international standards, and has it established policies and complaint procedures to protect consumer or customer rights?	✓		The Company's products are manufactured in accordance with international standards and the specifications provided in customer product drawings. A privacy policy is applied to these product drawings to ensure confidentiality. A stakeholder section is also available on the Company's website, along with a complaint mechanism to safeguard customer rights. If a quality complaint arises, a professional task force is formed to review the production process in relation to the issue. An 8D problem-solving report is prepared to identify root causes and implement preventive measures to avoid recurrence of similar incidents.	No material deviation.
(VI) Has the Company established a supplier management policy requiring suppliers to comply with relevant	✓		1. The Company has obtained certification for the ISO 9001 quality management system and meets the requirements of the IATF 16949	No material deviation.

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons																
	Yes	No	Summary Explanation																	
standards in areas such as environmental protection, occupational safety and health, and labor and human rights, and what is the status of implementation thereof?			certification at its Rende Plant. Supplier management and evaluation are conducted to ensure supply chain quality and regulatory compliance. The Company has established procedures for supplier selection, assessment, and regular audits. Its supplier management framework takes into consideration factors such as quality, business ethics, labor rights, environmental protection, occupational health and safety, technical and supply capabilities, and the absence of hazardous substances. 2. The Company has internally developed a comprehensive supplier scoring and management system, aimed at conducting thorough evaluations of suppliers based on objective data to ensure delivery accuracy and quality consistency. Scoring Indicators under the Supplier Evaluation and Management System: The evaluation indicators include on-time delivery rate, quality acceptance rate, price competitiveness, and certification status (such as ISO or IATF certifications). Suppliers are classified into four tiers, A, B, C, and D, based on quantified scoring and weighted calculations. Supplier classifications are reviewed annually. Suppliers whose ratings have been downgraded are subject to targeted audits and improvement counseling. D-tier suppliers are strictly controlled; if procurement from a D-tier supplier is necessary, a comprehensive evaluation report must be submitted for review, and orders may only be placed upon special approval by the President. 3. The supplier assessment is conducted on quality, delivery time, and service quality. The Company has assessed 142 suppliers in 2024 and 106 suppliers in Q1 2025 by supplies. The quality system is as follows: <table><tr><td>2024</td><td>53 IATF certified suppliers 76 ISO certified suppliers 13 not certified</td><td>2025 Q1</td><td>44 IATF certified suppliers 54 ISO certified suppliers 8 not certified</td></tr></table> Assessment Result: <table><tr><td>Score grading</td><td>2024</td><td>2025 Q1</td></tr><tr><td>Supplier rated A</td><td>47</td><td>67</td></tr><tr><td>Supplier rated B</td><td>79</td><td>35</td></tr><tr><td>Supplier rated C</td><td>13</td><td>4</td></tr></table>	2024	53 IATF certified suppliers 76 ISO certified suppliers 13 not certified	2025 Q1	44 IATF certified suppliers 54 ISO certified suppliers 8 not certified	Score grading	2024	2025 Q1	Supplier rated A	47	67	Supplier rated B	79	35	Supplier rated C	13	4	
2024	53 IATF certified suppliers 76 ISO certified suppliers 13 not certified	2025 Q1	44 IATF certified suppliers 54 ISO certified suppliers 8 not certified																	
Score grading	2024	2025 Q1																		
Supplier rated A	47	67																		
Supplier rated B	79	35																		
Supplier rated C	13	4																		

Items	Implementation status				Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons			
	Yes	No	Summary Explanation					
			<table><tr><td>Supplier rated D</td><td>3</td><td>0</td></tr></table> Suppliers rated C: Due to delivery problems. After investigation, 95% of the delivery problems were due to customers' delays, causing the system to determine the late delivery and thus scores were deducted. Supplier rated D in 2024: The supplier was designated by the customer for special requirements, but the supplier's lack of quality system caused the system deducted its scores greatly.		Supplier rated D	3	0	
Supplier rated D	3	0						
V. Has the Company referenced the international report preparation standards or guidelines on the preparation of sustainability reports and other reports that disclose the Company's non-financial information? Have the aforementioned reports been confirmed or verified by a third-party certification unit?		✓	The Company has implemented measures to enhance corporate governance, promote environmental sustainability, and uphold social welfare in accordance with the guidelines set forth in the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. As this is the Company's first year as a TPEX-listed company, it has not yet compiled a Sustainability Report. However, in response to the revised regulations under the "Sustainable Roadmap for Sustainable Development of Listed and OTC-traded Companies" and the "Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies," the Company has engaged a professional advisory firm to begin planning the preparation of its Sustainability Report, which will be disclosed in accordance with the prescribed timeline.		The Company is preparing its first Sustainability Report this year.			
VI. If the Company has established its own sustainability principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," please describe their implementation status and any differences from the said Principles: The Company has established the "Sustainable Development Best Practice Principles," which were approved by resolution of the Board of Directors. The implementation of sustainability practices is integrated into daily operations, such as actively promoting corporate governance and providing a positive working environment for employees. The Company is committed to achieving the goals of environmental protection, social welfare, and economic growth as part of its broader pursuit of sustainable development. The Company continuously monitors domestic and international sustainability trends and changes in the business environment to review and improve its sustainability policies accordingly. In addition, the Company has adopted the "Ethical Corporate Management Best Practice Principles," the "Codes of Ethical Conduct," the "Corporate Governance Best Practice Principles," and the "Procedures for Handling Material Internal Information," all of which are actively implemented by the Board of Directors and management, ensuring their execution in both internal management and external business activities, thereby fulfilling the responsibilities of corporate operators. In addition, the Company has established "Work Rules" that clearly set out policies regarding employee recruitment, rewards, and grievance procedures, among other personnel-related matters. Accordingly, in the implementation of sustainability initiatives, the self-assessment report, which was prepared based on the relevant evaluation indicators, adequately reflects the Company's corporate governance practices..								
VII. Other important information that helps to understand the implementation of sustainable development:								

Items	Implementation status			Deviation from the Best Practices for TWSE/TPEX-Listed Companies and the reasons																				
	Yes	No	Summary Explanation																					
1. In accordance with ISO-14001, the Company is committed to achieving good relationship with the neighborhood in terms of the production environment and the neighborhood. 2. The rooftops of plants are equipped with solar power generation equipment, and environmental protection concept of the green energy power is achieved with zero-pollution solar energy renewable energy. The electric fork lift trucks reduce air pollution. 3. The Company's donations as feedback to the society in 2024 are as follows: <table><tr><th>Recipient of donation</th><th>Donation limit</th></tr><tr><td>10 scholarships for domestic children from Family Support Center</td><td>240,000</td></tr><tr><td>Taiwan Spinocerebellar Ataxia Association</td><td>72,000</td></tr><tr><td>Syin-Lu Social Welfare Foundation</td><td>72,000</td></tr><tr><td>Children Are Us Foundation</td><td>60,000</td></tr><tr><td>Genesis Social Welfare Foundation</td><td>96,000</td></tr><tr><td>Huashan Social Welfare Foundation</td><td>60,000</td></tr><tr><td>Little Angel Foundation</td><td>60,000</td></tr><tr><td>Pingdong Tzu-Yu Nursing Home</td><td>60,000</td></tr><tr><td>Chinese Christian Relief Association (Food Bank)</td><td>240,000</td></tr></table>					Recipient of donation	Donation limit	10 scholarships for domestic children from Family Support Center	240,000	Taiwan Spinocerebellar Ataxia Association	72,000	Syin-Lu Social Welfare Foundation	72,000	Children Are Us Foundation	60,000	Genesis Social Welfare Foundation	96,000	Huashan Social Welfare Foundation	60,000	Little Angel Foundation	60,000	Pingdong Tzu-Yu Nursing Home	60,000	Chinese Christian Relief Association (Food Bank)	240,000
Recipient of donation	Donation limit																							
10 scholarships for domestic children from Family Support Center	240,000																							
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Huashan Social Welfare Foundation	60,000																							
Little Angel Foundation	60,000																							
Pingdong Tzu-Yu Nursing Home	60,000																							
Chinese Christian Relief Association (Food Bank)	240,000																							

Note 1: If "Yes" is selected for implementation status, please specify the key policies, strategies, measures adopted, and the implementation status. If "No" is selected, please explain the differences and reasons in the column titled "Differences and Reasons Compared to the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies," and describe the Company's future plans for adopting relevant policies, strategies, and measures. However, with respect to Promotion Items 1 and 2, TWSE/TPEX listed companies shall disclose the governance and supervisory framework for sustainable development, including but not limited to the formulation of management policies, strategies, and objectives, as well as review and evaluation measures. In addition, the Company shall disclose its risk management policies or strategies related to environmental, social, and corporate governance issues relevant to its operations, as well as the status of their assessment.

Note 2: The principle of materiality refers to environmental, social, and corporate governance issues that may have a significant impact on the Company's investors and other stakeholders.

Note 3: For disclosure methods, please refer to the best practice reference examples provided on the Taiwan Stock Exchange Corporate Governance Center website.

VIII. Climate-Related Disclosure for TWSE/TPEX Listed Companies

1. Status of Climate-Related Disclosure Implementation

Item	Implementation Status
1. Describe the oversight and governance responsibilities of the Board of Directors and management with respect to climate-related risks and opportunities.	(1) The Company formally established the "Sustainable Development Committee" on August 14, 2024, and formulated the "Sustainable Development Committee Charter" as well as the "Sustainable Development Best Practice Principles." The Vice Chairperson is the convener of the Committee. The four members are board members, and the corporate governance officer is assigned as the Chief Sustainable Development Officer. The tasks forces are divided into corporate governance team, sustainable environment team, social welfare team, and sustainable information disclosure team depending on the missions. The teams assists the committee members in the implementation of various plans, and reports the implementation of sustainable development to the Committee, and then the Committee reports the results to the Board of Directors. (2) The Company was approved for listing on the Taipei Exchange on 2025.03.18. The Company's paid-in capital was less than NT\$5 billion. The Company will disclose the carbon inventory information in the previous year starting 2026. The Company had prepared for this year in advance, and will follow the instructions and related regulations of the competent authorities to perform the greenhouse gas inventory and verification. The Committee and the responsible team for the greenhouse gas inventory related to climate change may report to the supervising unit, the Board of Directors, regarding the detailed schedule of each greenhouse gas inventory plan and the Board of Directors' supervision, formulate the complete inventory procedure, and control the stage goal plan among other implementations.
2. Explain how the identified climate-related risks and opportunities affect the Company's business operations, strategies, and financial performance (short, medium, and long term).	The Company has identified and assessed the risks and opportunities that may arise from climate change (short-term, mid-term, and long-term), and regularly reviews the assesses the same, to adjust the operational strategy and resource allocation accordingly, in order to strengthen the Company's resilience and sustainable competitiveness. The following is a list of the potential effects that have been identified so far: Short-term (1 to 3 years) Climate change has a short-term impact on the daily operating cost of the Company, including the increase in the cost of electricity consumption by the plant, and the increase in the frequency of air-conditioning system such as air conditioning in offices, resulting in an increase in overall energy expenditure. In addition, extreme weather events (such as high temperatures and heavy rains) may lead to short-term logistics

	delays or impacted employee attendance, which will have an indirect impact on operational efficiency. The Company has begun to promote the renewal of energy-saving equipment and green management of office spaces to reduce the pressure of energy expenses. Mid-term (3 to 5 years) The government and the industry will be more and more demanding of green power or carbon reduction for enterprises. For example, the carbon fee system has come into effect, green power purchase quota, incorporation of ESG in supplier evaluation, etc., which will directly increase the production and management costs of the company. In addition, customers may request to provide products with carbon footprint information or low-emission. Corporates need to invest resources to conduct carbon inventory, supply chain management and system introduction, to meet the regulatory and market demands. Long-term (over 5 years) In the long run, climate change may lead to changes in the demand for industrial applications. For example, the continual rise of temperature may change the technical specifications of the materials, heat resistance, and corrosion resistance of fasteners by end customers. The Company must respond to the trend and adjust the R&D direction and product design, and develop new-generation products that meet future climate conditions. In addition, long-term capital investments shall incorporated climate risk assessments to ensure that equipment upgrades and plant planning have sufficient climate resilience, for reducing the risk of operation interruptions or losses due to extreme weather in the future.
3. Describe the financial impact of extreme climate events and transformation-related actions.	I. Impact of extreme weather on finance As climate change intensifies, the frequency and severity of extreme weather events (such as heavy rains, typhoons, and heat waves) are increasing. The following impacts may be caused to the Company's finances: • Operation interruption and capacity reduction: Extreme weather may cause supply chain interruptions, logistics delays, or even temporary plant shutdown, which will affect the shipping schedule and capacity utilization rate, and thus affect the revenue performance. • The costs of equipment maintenance and damage increase: Changes in the natural environment such as high temperature and strong wind may accelerate equipment wear and tear, or increase the frequency of maintenance and replacement, and thus increase capital expenditure and maintenance expenses. • Insurance cost increases: The rise in extreme climate risks will cause property insurance companies to adjust premiums and reduce underwriting scope, which will increase the cost of insurance, or increase the deductible risk.

	- Employee safety and health risk: High temperature or heavy rain may affect the safety and health of employees, and further derive overtime, medical expenses or operating arrangement flexibility costs. II. Impacts of transformation on finance: In response to the international and domestic requirements for carbon reduction and sustainable development, the Company has promoted relevant transformation actions. Although it will increase costs in the short term, it will help to improve the competitiveness and market trust of the Company in the long term. The specific impacts are as follows: - The cost of compliance and transformation: In order to comply with the future carbon fee system and renewable energy use specifications, the Company needs to invest costs to introduce carbon inventory system, replace with energy-saving equipment, and purchase green power, which increases short-term financial expenses. - The invested capital expenditures increase: In order to improve the operational resilience and environmental protection performance, the Company will need to upgrade the plant and production line, such as introducing high-efficiency machines and building solar energy systems, which will affect the mid- and long-term capital expenditure planning. - Market opportunities and brand image improvement: Transformation is also a potential positive financial benefit, including entering the international large customers' supply chains, improving the brand ESG image, and obtaining sustainable financial preferential loans, which help to develop new markets and reduce financing costs.
4. Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management framework.	The Company has incorporated climate-related risks into the overall enterprise risk management (ERM) structure as an important part of the Company's operational sustainability strategy. In order to systematically identify and respond to the potential impacts of climate change, the Company has established the following processes and integrated them into the existing risk management system: I. Risk identification and classification Regular meetings are held through cross-department task forces and the Sustainable Development Committee to identify and classify climate-related risks, including: - Physical risks: Physical impacts such as extreme weather, rising temperature, or water shortage on the workplace, supply chain, or personnel health. - Transformation risks: such as changes in regulations, carbon fee policies, new energy transformation, green procurement, shifted customer requirements, etc. II. Risk assessment and prioritization

	After identifying the climate risks, the quantitative and qualitative assessment will be conducted based on the "degree of impact x probability of occurrence," while incorporating the corporate risk matrix to assess the potential impact on finance, operations, reputation and compliance. The major risks will be reported to the senior management and the Board of Directors for discussion and response. III. Response and monitoring of risks For high-risk items, the Sustainable Development Committee will draft specific management countermeasures, such as improving disaster prevention facilities, building carbon inventory system, planning green energy utilization strategy, etc., and incorporate them into the annual business plan and budget review. Each department will take specific improvement actions depending on its responsibilities, and track and report the progress of its efforts on a regular basis. IV. Integration to corporate governance and continuous improvement After the integration of the climate risk management process with the existing risk management structure, it is incorporated in the risk supervision mechanism at the Board of Directors level. The Company regularly reviews and updates the climate risk list and related response strategies every year, to respond to changes in the external environment, and ensures that climate risks and other operational risks are included in the overall strategy and resource allocation decision-making basis.
5. If scenario analysis is used to assess the resilience of the Company to climate change risks, disclose the scenarios, parameters, assumptions, analytical factors, and key financial implications.	The Company has not yet used scenario analysis to conduct assessment, but is expected to conduct assessment on this assessment tool to improve the Company's resilience to climate change risks.
6. If a transformation plan has been developed to address climate-related risks, describe the contents of the plan, as well as the metrics and targets used to identify and manage physical and transition risks.	The transformation plan shall be established based on the actual condition of the Company. Before the Company implements, the Company shall conduct various risk assessments and formulate strategies to reduce the impact of the Company on climate change and transformation risks.
7. If an internal carbon pricing mechanism is adopted as a planning tool, disclose the basis for price determination.	The Company has not yet used internal carbon pricing as the planning tool.
8. If climate-related targets have been established, disclose the relevant activities covered, scopes of greenhouse gas emissions, planning horizon, and annual progress. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet such targets, disclose the source and quantity of the emissions reduced through offsets and/or the number of RECs used.	(1) The Company's total greenhouse gas emission in 2023 was 400.447 tons of CO₂e, covering Scope 1 (direct emission from fuel) and Scope 2 (indirect emission from purchased electricity). As the Company's power consumption in offices is not high and the plant is of moderate size, it has not yet reached the "major power consumer" criteria. Therefore, there is no compulsory carbon inventory or carbon burden. (2) The climate-related goals are still under planning.
9. Greenhouse gas inventory and assurance status, along with emission reduction targets, strategies, and specific action plans, are disclosed separately in 1-1 and 1-2).	Also fill in 1-1 Greenhouse Gas Inventory and Assurance for the Most Recent Two Years and 1-2 Greenhouse Gas Reduction Goals, Strategies, and Specific Action Plans.

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent Two years

1-1-1 Greenhouse Gas Inventory Information

Item	Greenhouse Gas Inventory Information										
Disclose the Company's greenhouse gas emissions (in metric tons CO2e) and emissions intensity (metric tons CO2e per NT\$ million) for the most recent two fiscal years, as well as the scope of data coverage.	Based on the schedule of the competent authority, the Company has arranged the 2024 greenhouse gas carbon inventory to be conducted in 2025.										
	Data for the 2023 trial carbon inventory										
	<table><tr><th>Year</th><th>Scope of coverage</th><th>Scope 1</th><th>Scope 2</th><th>Total Emissions</th></tr><tr><td>2023</td><td>Parent company</td><td>66.6887</td><td>333.7582</td><td>400.447</td></tr></table>	Year	Scope of coverage	Scope 1	Scope 2	Total Emissions	2023	Parent company	66.6887	333.7582	400.447
	Year	Scope of coverage	Scope 1	Scope 2	Total Emissions						
	2023	Parent company	66.6887	333.7582	400.447						
Scope 1: Directly from the sources owned or controlled by the Company											
Scope 2: Indirect emission sources such as electricity											

1-1-2 Greenhouse Gas Assurance Information

Item	Greenhouse Gas Assurance Information
Disclose the assurance status for the most recent two years as of the publication date of the Annual Report, including the scope of assurance, assurance provider, assurance standards applied, and assurance opinions.	Pursuant to the "Regulations Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" of Taipei Exchange, all TPEx listed companies are required to submit a sustainability report by the end of August 2025. The Company has appointed DNV Business Assurance Co., Ltd. (DNV) to verify the report in accordance with the ISO 14064-3 assurance standards. The complete assurance report will be disclosed in the 2024 Sustainability Report.

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

Item	Greenhouse Gas Reduction Targets, Strategies, and Action Plans
Disclose the base year and baseline data for greenhouse gas reduction, the Company's reduction targets, strategies, specific action plans, and the status of progress toward achieving the targets.	The Company has conducted a greenhouse gas survey in accordance with the ISO 14064-1:2018 inventory standards and the competent authority's requirements, with the 2025 year as the baseline year. The annual reduction targets are as follows: Short-term goal: Reduce greenhouse gas emission by 5% within 5 years. Mid-term goal: Reduce greenhouse gas emission by 10% within 10 years. Long-term goal: Reduce greenhouse gas emissions by 30% over the next 30 years. The concrete actions are as follows: - Enhancing existing energy-saving equipment and green management of office spaces to mitigate the pressures from the energy expenses. - Encouraging all employees to comply with environmental protection regulations and participate in energy-saving and carbon reduction activities. Assist suppliers in executing greenhouse gas inventory, provide data, and comply with regulations.

(VI) The implementation of ethical corporate management and the deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor:

Assessment Criteria	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary Explanation	
I. Integrity management policy and plan formulation				
(I) Has the Company formulated an integrity management policy approved by the board of directors, expressed the integrity management policy and practices in regulations or external documents, and have the board of directors and senior management actively implemented the management policy?	✓		The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" as the basis for implementing ethical corporate management practices, clearly defining the Company's policies and practices related to ethical business conduct, and require that directors, managerial officers, employees, appointees, and individuals with actual control over the Company adhere to the principles of honesty and integrity, refrain from engaging in dishonest conduct, and actively fulfill their commitment to integrity management. The aforementioned procedures are disclosed in electronic format on the Company's website to clearly communicate the relevant regulations to the public.	No material deviation.
(II) Has the Company established a dishonesty risk assessment mechanism, regularly analyzed and evaluated business activities with a high risk of dishonesty, and formulated a plan to prevent dishonesty that at least covers the preventive measures provided by Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"	✓		The Company's "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" incorporate the business activities involving risks of unethical conduct as outlined in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies." A dedicated reporting channel has been established to allow internal and external parties to report incidents of unethical or improper behavior.	No material deviation.
(III) Has the Company expressly formulated the operating procedure, behavior guideline, as well as disciplinary penalty and grievance system plans, and implemented them accordingly to prevent dishonest behavior and reviewed and revised them on a regular basis?	✓		The Company has established the "Ethical Corporate Management Best Practice Principles," "Codes of Ethical Conduct," and "Procedures for Reporting Illegal, Unethical, and Dishonest Conduct," which set out the standards of conduct personnel are required to observe in the course of business operations. These policies prohibit the offering or acceptance of improper benefits and serve as the foundation for implementing measures to prevent unethical behavior. The Company will continue to review these policies and make revisions as necessary.	No material deviation.
II. Integrity management practice				
(I) Has the Company assessed the integrity records of	✓		The Company's "Ethical Corporate Management Best Practice Principles" is published on the Company's	No material deviation.

Assessment Criteria	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary Explanation	
counterparties and specified the terms of integrity in the contracts signed with counterparties?			website and has been communicated to business partners. Prior to engaging in transactions with counterparties, relevant assessments and procedures are conducted. The rights and obligations of both parties are clearly defined in the agreements, which include provisions requiring compliance with the Company's integrity management policy. In the event that a counterparty is found to have engaged in dishonest conduct, the Company reserves the right to terminate or rescind the contract at any time.	
(II) Has the Company established a special unit under the board of directors to promote corporate integrity management, and regularly (at least once a year) reported the dishonesty prevention integrity management policies and plans to the board of directors in order to supervise the implementation status?	✓		Although the Company has not established a dedicated unit under the Board of Directors to promote integrity management, the General Manager and supervisors at all levels are required to fulfill their duty of care as good administrators. They are responsible for overseeing the prevention of unethical conduct, continuously reviewing the effectiveness of implementation, and pursuing ongoing improvement. Regular reports on implementation status are submitted to the Board of Directors. In addition, audit reports are used to review the appropriateness of Company policies and internal control regulations to ensure the effective implementation of the ethical corporate management policy.	No material deviation.
(III) Has the Company formulated a policy to prevent conflicts of interest as well as provide appropriate presentation channels, and implemented them accordingly?	✓		1. Pursuant to Article 20 of the Company's "Ethical Corporate Management Best Practice Principles," directors and managerial officers shall pay attention to and proactively avoid any conflicts of interest involving themselves. While they may express their opinions and respond to inquiries at Board meetings, they shall not participate in discussions or voting on such matters. 2. The Company provides multiple reporting channels, including a dedicated employee grievance unit and a whistleblower email, to allow for the reporting of any violations of business integrity or ethical conduct.	No material deviation.
(IV) Has the Company established an effective accounting system and internal control system to implement integrity management, formulated the relevant audit plans based on the dishonesty risk evaluation results of the internal audit unit and inspected or commissioned a CPA to inspect and ensure compliance with the dishonesty prevention plans?	✓		1. The Company has established an effective accounting system and internal control system to prevent business activities with a higher risk of unethical conduct, thereby ensuring the continued effectiveness of the design and implementation of these systems. 2. The Company's internal audit unit conducts audit operations in accordance with the annual audit plan approved by the Board of Directors. Audit reports are submitted to the Audit Committee, and the implementation status of the audits is reported to both the Audit Committee and the Board of Directors. In addition, filings are made with the competent authority in accordance with applicable regulations.	No material deviation.

Assessment Criteria	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary Explanation	
(V)Has the Company conducted internal and external education and training on integrity management regularly?	✓		The Company conducts regular or ad hoc training and awareness programs for employees and invites counterparties engaged in business activities with the Company to participate, ensuring they fully understand the Company's commitment to ethical corporate management, relevant policies, preventive measures, and the consequences of unethical conduct.	No material deviation.
III. Company whistleblowing system operation status				
(I) Has the Company established a specific reporting and reward system, a convenient reporting channel, and assigned appropriate personnel to handle the subjects reported?	✓		On April 9, 2023, the Board of Directors approved the Procedures for "Handling Reports of Illegal, Unethical, or Dishonest Conduct." Under this policy, appropriate designated personnel are assigned to handle reported cases, and both internal and external reporting channels and procedures have been established. These measures are intended to ensure the effective implementation of the Company's Codes of Ethical Conduct and Ethical Corporate Management Best Practice Principles, while also safeguarding the legal rights and interests of both whistleblowers and the individuals being reported.	No material deviation.
(II)Has the Company established standard operating procedures for accepting complaint reports and adopted follow-up measures and related confidentiality mechanisms for after investigations have been completed?	✓		The Company has established the "Procedures for Ethical Management and Guidelines for Conduct" and "Procedures for Reporting Illegal, Unethical, and Dishonest Conduct." In accordance with these procedures, all reported cases are investigated and handled through a standardized process under a confidentiality mechanism. As of 2024, no reports have been received.	No material deviation.
(III)Has the Company taken measures to protect whistleblowers from improper treatment due to the complaint report?	✓		In accordance with Article 21 of the Company's "Procedures for Ethical Management and Guidelines for Conduct," the Company has clearly stipulated and is committed to protecting whistleblowers from improper treatment as a result of their reporting.	No material deviation.
IV. Strengthening information disclosure Has the Company disclosed the content of its Corporate Governance Best Practice Principles and the effectiveness of the implementation of the principles on its website and the MOPS?	✓		The Company has disclosed its "Ethical Corporate Management Best Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" in the corporate governance section of the Market Observation Post System and on the Company's official website.	No material deviation.
V. If the Company has established its own Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe its implementation and any deviations from the said Principles: The Company has adopted the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies. These				

Assessment Criteria	Operating status			Deviation and cause of deviation in practice differences compared to TWSE/GTSM listed companies
	Yes	No	Summary Explanation	
documents have been disclosed on the Company's official website and the Market Observation Post System. All employees of the Company are required to comply with these provisions. There is no material deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.				
VI. Other material information helpful for understanding the Company's implementation of integrity management (e.g., the Company's review and revision of its established Ethical Corporate Management Best Practice Principles): The Company adheres to applicable laws and regulations, as well as its internal control system, and strictly prohibits any unethical or unlawful conduct.				

Note: Regardless of whether "Yes" or "No" is selected under the operational status column, a summary explanation must be provided.

- VII. Other material information that may enhance understanding of the Company's corporate governance practices may also be disclosed:
Information is available in the Corporate Governance section of the Market Observation Post System and the Investor Relations section of the Company's official website at <https://www.spec.com.tw>.

VIII. The following matters shall be disclosed regarding the implementation of the internal control system:

1. Statement of Internal Control System:

SPEC Products Corp.
Statement of Internal Control System

Date: March 12, 2025

Based on the findings of a self-assessment with regard to the 2024 internal control system, SPEC Products Corp. hereby declare that:

- (I) The Company's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system and have already established it. Its purpose is: i. to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets); ii. for the reliability, timeliness and transparency of the report; iii. to comply with applicable rulings, laws and regulations.
- (II) An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its three stated objectives above. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- (III) The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The assessment items adopted by the Principles for the internal control system are based on the process of management and control, and shall comprise the following constituent elements: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communications, and 5. monitoring activities. Each element contains several items. For the aforementioned items, please refer to the Principles.
- (IV) The company has adopted the aforementioned items to assess the design and operating effectiveness of the internal control system.
- (V) Based on the findings of such evaluation, the Company believes that, on December 31, 2024, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.
- (VI) This Statement is an integral part of the Company's Annual Report and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- (VII) It is also hereby stated that this statement was approved by the Board of Directors on March 12, 2025, with the consent of all directors present.

SPEC Products Corp.
Chairman and President: Chang, Hong-Cheng

2. If an independent auditor has been engaged to conduct a special audit of the internal control system, the independent auditor's audit report shall be disclosed: None.
- IX. Major resolutions of the shareholders' meeting and the Board of Directors during the most recent year and up to the publication date of the Annual Report:

1. Major resolutions of the shareholders' meeting:

Meeting Date	Content of Important Proposals
2024.06.28 Annual General Meeting	Approval of the proposal for the 2023 Business Report and Financial Statements.
	Approval of the proposal for the 2023 earnings distribution.
	Approved the proposal on the amendment to parts of the provisions of the "Articles of Incorporation".
	Approval of the proposal to amend certain provisions of the "Operational Procedures for Loaning Funds to Others."
	Approval of the proposal to amend certain provisions of the "Operational Procedures for Endorsements/Guarantees."
	Proposal for amending certain clauses of the Assets Acquisition or Disposal Procedures was approved.
	Approval of the proposal to amend certain provisions of the "Procedures for Derivatives Transactions."
	Proposal for amending certain clauses of the Procedures for Election of Directors was approved.
	Approval of the proposal to conduct a cash capital increase for public underwriting in connection with the Company's planned initial application for listing on the TWSE/TPEX, with all existing shareholders waiving their preemptive rights.

2. Implementation status of major resolutions of the shareholders' meeting:

Under the 2023 earnings distribution proposal, cash dividends to shareholders amounted to NT\$122,689,452. The ex-dividend date was set for July 27, 2024, and the cash distribution was completed on August 15, 2024.

3. Major resolutions of the Board of Directors in 2024 and up to the publication date of the Annual Report:

Meeting Date	Content of Important Proposals
3rd Meeting of the 9th Term 2024.01.23	Approval of the proposal for the year-end bonus plan for managerial officers in 2023.
	Approval of the proposal for the Company to enter into a management service agreement with its subsidiary, BCR Inc.
	Approval of the proposal for the Company to apply for financing from Taipei Fubon Bank for operational needs.
4th Meeting of the 9th Term 2024.04.09	Approval of the proposal to authorize the Company's independent directors to approve audit plans, reports, implementation status declarations, and improvement declarations for internal control deficiencies and irregularities.
	Approval of the proposal for the Company's 2023 Statement of Internal Control.
	Approval of the proposal for the independence of the independent auditors of Ernst & Young for 2023.
	Approval of the appointment of independent auditors and their compensation.
	Approval of the proposal for the non-assurance services provided by Ernst & Young and its affiliates.
	Approval of the proposal for the remuneration of directors, supervisors and employees of the Company for 2023
	Approval of the Company's 2023 Business Report and Financial Statements.
	Approval of the proposal for the 2023 earnings distribution.
	Approval of the proposal for the Company to apply for stock listing on the TWSE/TPEX.
	Approval of the proposal to conduct a cash capital increase for public underwriting

Meeting Date	Content of Important Proposals
	in connection with the Company's planned initial application for listing on the TWSE/TPEX, with all existing shareholders waiving their preemptive rights.
	Approval of the change of spokesperson and acting spokesperson.
	Approval of the proposal for the Company to apply to E.SUN Bank for the engagement of derivative financial instruments and structured products to hedge interest rate and exchange rate fluctuation risks.
	Approval of the proposal to amend certain provisions of the Company's "Articles of Incorporation."
	Approval of the proposal to amend certain provisions of the Company's "Operational Procedures for Lending Funds to Others."
	Approval of the proposal to amend certain provisions of the Company's "Operational Procedures for Endorsements/Guarantees."
	Approved the proposal to amend some articles of the Company's "Assets Acquisition or Disposal Handling Procedures."
	Approval of the proposal to amend certain provisions of the "Procedures for Derivatives Transactions."
	Approval of the proposal to amend certain provisions of the Company's "Procedures for Professional Accounting Judgments, and Processes for Making Changes in Accounting Policies and Estimates."
	Approval of the proposal to amend certain provisions of the Company's "Rules of Procedure for Board of Directors Meetings."
	Approved the proposal to amend part of articles of the Company's "Procedures for Election of Directors."
	Approval of the proposal to amend certain provisions of the Company's "Procedures for Reporting New Appointments (Resignations) of Insiders."
	Approval of the proposal to establish the Company's "Rules for Performance Evaluation of Board of Directors."
	Approval of the proposal to establish the Company's "Corporate Governance Best Practice Principles."
	Approval of the proposal to establish the Company's "Ethical Corporate Management Best Practice Principles."
	Approval of the proposal to establish the Company's "Procedures for Ethical Management and Guidelines for Conduct."
	Approval of the proposal to establish the Company's "Sustainable Development Best Practice Principles."
	Approval of the proposal to establish the Company's "Codes of Ethical Conduct."
	Approval of the proposal to establish the Company's "Procedures for Reporting Illegal, Unethical, and Dishonest Conduct."
	Approval of the proposal to establish the Company's "Rules Governing the Exercise of Rights and Participation in Resolutions by Juristic Person Shareholders With Controlling Power."
	Approval of the matters related to the convening of the 2024 Annual General Meeting of Shareholders.
	Approval of the proposal to handle matters related to shareholders; proposal rights for the 2024 Annual General Meeting.
5th Meeting of the 9th Term 2024.08.14	Approval of the proposal for the Mid-Autumn Festival bonus plan for the Company's managerial officers in 2024.
	Approval of the Company's corporate governance evaluation self-assessment report.
	Approval of the proposal for the Company's "Statement of Internal Control System."
	Approval of the Company's Q2 2024 Consolidated Financial Statements.
	Approval of the proposal for the election of the Vice Chairman of the Company.
	Approval for the proposal to establish the organizational charter of the Sustainable Development Committee and the formation of the Committee
	Approval of the Company's financial forecast for the third and fourth quarters of 2024 and the first quarter of 2025.
	Approval of the proposal for the Company to authorize the lead recommending

Meeting Date	Content of Important Proposals
	securities firm to conduct overallotment during the underwriting period.
	Approval of the proposal to amend certain provisions of the Company's internal control system.
	Approval of the proposal to revise the Company's authorization table.
	Approval of the proposal to establish the Company's risk management policy and operating procedures.
6th Meeting of the 9th Term 2024.11.12	Approval of the proposal for the Company's 2024 Statement of Internal Control.
	Approval of the independence and suitability of the Company's independent auditors for 2024.
	Approval of the appointment and remuneration of the Company's independent auditors in 2025.
	Approval of the Company's 2024 Business Report and Financial Statements.
	Approval of the proposal for the remuneration of directors, supervisors and employees of the Company for 2024.
	Approval of the Company's 2024 earnings distribution.
	Approval of the proposal to amend certain provisions of the Company's "Articles of Incorporation."
	Approval of the proposal to amend certain provisions of the Company's "Employee Remuneration and Bonus Distribution Guidelines."
	Approval of the proposal to amend certain provisions of the Company's "Rules of Procedure for Board of Directors Meetings."
	Approval of the proposal to revise the Company's authorization table.
	Approval of the proposal for the Company to apply to Taipei Fubon Commercial Bank for the engagement of derivative financial instruments and structured products to hedge against exchange rate and interest rate fluctuation risks.
	Approval of the proposal for the Company to apply to E.SUN Bank to expand the scope of engagement in derivative financial instruments and structured products to hedge against exchange rate and interest rate fluctuation risks.
7th Meeting of the 9th Term 2024.12.23	Approval of the proposal to amend certain provisions of the Company's "Remuneration Guidelines for Directors, Functional Committees, and Managerial Officers."
	Approval of the proposal for the year-end bonus plan for managerial officers in 2024.
	Approval of the proposal for the Company to enter into a management service agreement with its subsidiary, BCR Inc.
	Approval of the Company's 2025 audit plan.
	Approval of the Company's 2025 budget plan.
	Approval of the proposal to allocate shares for public offering in connection with the Company's initial application for listing on TPEx through a cash capital increase.
8th Meeting of the 9th Term 2025.3.12	Approval of the proposal for the Company's cash capital increase through new share issuance and the subscription of shares by managerial officers.
	Approval of the proposal for the Company's 2024 Statement of Internal Control.
	Approval of the independence and suitability of the Company's independent auditors for 2024.
	Approval of the appointment and remuneration of the Company's independent auditors in 2025.
	Approval of the Company's 2024 Business Report and Financial Statements.
	Approval of the proposal for the remuneration of directors, supervisors and employees of the Company for 2024.
	Approval of the Company's 2024 earnings distribution.
	Approval of the proposal to amend certain provisions of the Company's "Articles of Incorporation."
	Approval of the proposal to amend certain provisions of the Company's "Employee Remuneration and Bonus Distribution Guidelines."
	Approval of the proposal to amend certain provisions of the Company's "Rules of Procedure for Board of Directors Meetings."

Meeting Date	Content of Important Proposals
	Approval of the proposal to revise the Company's authorization table.
	Approval of the proposal for the Company to apply to Taipei Fubon Commercial Bank for the engagement of derivative financial instruments and structured products to hedge against exchange rate and interest rate fluctuation risks.
	Approval of the proposal for the Company to apply to E.SUN Bank to expand the scope of engagement in derivative financial instruments and structured products to hedge against exchange rate and interest rate fluctuation risks.
	Approval of the proposal to amend certain provisions of the Company's "Remuneration Guidelines for Directors, Functional Committees, and Managerial Officers."
	Approval of the matters related to the convening of the Company's 2025 Annual General Meeting of Shareholders.
	Approval of the proposal to handle matters related to shareholders; proposal rights for the 2025 Annual General Meeting of Shareholders.

(X) During the most recent year and up to the publication date of this Annual Report, whether any director or supervisor expressed dissenting opinions, with records or written statements, regarding major resolutions passed by the Board of Directors: None.

IV. Information on Audit Fees Paid to Independent Auditors

- (I) Amounts of Audit and Non-Audit Fees Paid to the Independent Auditors, Their Accounting Firm, and Affiliated Enterprises, and Description of Non-Audit Services:

Unit: NT\$ thousands

Name of CPA firm	Name of CPA	CPA audit period	Auditing public expense	Non-auditing public expense	Total	Remarks
Ernst & Young, Taiwan	Hung Kuo-Sen	January 1, 2024 – December 31, 2024	1,710	1,410	3,120	
	Li Fang-Wen	January 1, 2024 – December 31, 2024				

Note: Audit fees refer to the amounts paid by the Company to the independent auditors for the audit and review of financial statements. Non-audit fees include IPO advisory services and tax attestation.

The following shall be disclosed if applicable:

1. If the Company changes its accounting firm and the audit fees paid for the year of the change are lower than those paid in the preceding year, the audit fees paid before and after the change and the reasons must be disclosed: Not applicable.
2. If audit fees decrease by more than 10% compared to the prior year, the amount, percentage, and reasons for the decrease must be disclosed: Not applicable.

V. Information on the Replacement of CPAS:

The Company did not change its accounting firm during 2023, 2024, or the period thereafter.

VI. Information on Whether the Chairman, President, or Managers Responsible for Financial or Accounting Affairs Has Served at the Independent Auditors' Firm or Its Affiliates in the Most Recent Year: None.

VII. Shareholding Transfers and Changes in Pledged Shares by Directors, Supervisors, Managerial Officers, and Shareholders Holding More Than 10%:

- (I) Shareholding Transfers and Changes in Pledged Shares by Directors, Supervisors, Managerial Officers, and Shareholders Holding More Than 10%:

Title	Name	2024		2025 As of April 2	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares	Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares
Chairman and President	Chang, Hung-Cheng	(128,000)	—	—	—
Vice Chairman and Vice President	Liu, Li-Chi	—	—	—	—
Director and Vice President	Chang, Rui-Ling	—	—	3,000	—
Director and Vice President	Chang, Chi-Hsiang	1,000	810,000	—	(810,000)
Director	Huang, Jin-Yuan	—	—	—	—
Independent Director	Fang-Tsai Chiu	—	—	—	—
Independent Director	Chou, Sheng-Huang	—	—	—	—
Independent Director	Hung, Wo-Po	—	—	—	—
Independent Director	Chang, Rui-Hsing	—	—	—	—

Title	Name	2024		2025 As of April 2	
		Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares	Increase (Decrease) in Number of Shares Held	Increase (Decrease) in Number of Pledged Shares
Shareholders Holding More Than 10%	Hung Ning Investment Co., Ltd.	66,000	—	20,000	—
Shareholders Holding More Than 10%	Hao Xin Investment Co., Ltd.	18,000	—	—	—
Shareholders Holding More Than 10%	Xi Cheng Investment Co., Ltd.	2,000	—	10,000	—
Vice President of Administrative Department	Chang, Tung-Ching	5,000	—	40,000	—
Audit Officer	Huang, Tzu-Yun	10	—	5,000	—
Financial Officer	Liu, Hui-Hua	1,000	—	13,000	—
Accounting Officer	Fang, Chien-Hung	—	—	14,000	—

(II) If the counterparty to any share transfer or pledge is a related party: None.

VIII. Information on Whether the Top 10 Shareholders Are Related Parties or Have Spousal or Relationships Within the Second Degree of Kinship:

April 2, 2025; Unit: Shares

Name	Personal shareholding		Shares held by spouses or minor children		Total shares held under the name of others		Title, name or full name, and relationship of top 10 shareholders who are spouses or relatives within the second degree of kinship		Remarks
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name (or full name)	Relationship	
Hung Ning Investment Co., Ltd. Representative: Chang, Hung-Cheng	5,691,390	12.28%	—	—	—	—	Chang, Hung-Cheng Liu, Hsiu-Chuan	Chairman Supervisor	
Hao Xin Investment Co., Ltd. Representative: Chang, Hung-Cheng	5,368,074	11.58%	—	—	—	—	Chang, Hung-Cheng Chang, Tse-Hao	Chairman Supervisor	
Xi Cheng Investment Co., Ltd. Representative: Chang, Hung-Cheng	5,360,896	11.56%	—	—	—	—	Chang, Hung-Cheng Chang, Tse-Hsi	Chairman Supervisor	
Chang, Hung-Cheng	2,912,546	6.28%	444,400	0.96%	3,625,447	7.82%	Hung Ning/Hao Xin /Xi Cheng Investment Co., Ltd. Liu, Hsiu-Chuan Chang, Tse-Hao Chang, Tse-Hsi	Chairman Spouse First-degree kinship First-degree kinship	
Yi Wei Investment Co., Ltd. Representative: Liu, Li-Chi	2,405,940	5.19%	—	—	—	—	Liu, Li-Chi Li, Chen-Fen	Chairman Supervisor	
Yi Bin Investment Co., Ltd. Representative: Liu, Li-Chi	2,403,958	5.19%	—	—	—	—	Liu, Li-Chi Li, Chen-Fen	Chairman Supervisor	
Kao, Yu-Ju	1,373,000	2.96%	—	—	—	—	—	—	
Chong Cheng Fastener Corporation	1,206,000	2.60%							
Chang, Chi-Hsiang	1,130,900	2.44%	—	—	—	—	Chen, Yi-Ting	Spouse	
Chang, Rui-Ling	965,226	2.08%	—	—	—	—	CHANG, PEI-HAN	First-degree kinship	

IX. Number of Shares Held in the Same Investee Company by the Company, Its Directors, Supervisors, Managerial Officers, and Enterprises Directly or Indirectly Controlled by the Company, and the Combined Shareholding Percentage:

December 31, 2024; Unit: Thousand shares; %

Reinvestment business (Note)	Investment by the Company		Investments by Directors, Supervisors, Managerial Officers, and Enterprises Directly or Indirectly Controlled by the Company		Combined investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
BCR INC.	3,000	100%	-	-	3,000	100%
Suzhou Youlian Trading Co., LTD.	-	100%	-	-	-	100%

Note: These are investments by the Company accounted for using the equity method.

Three. Fundraising Status

I. Capital and shares

(I) Source of Capital

1. The Company's shares issued in the most recent year and up to the publication date of this Annual Report are as follows:

Unit: NT\$ thousands; thousand shares

Year and month	Price of issuance (dollars)	Approved share capital		Paid-in capital		Remarks		
		Number of shares (thousand shares)	Amount (NT\$ thousand)	Number of shares (thousand shares)	Amount (NT\$ thousands)	Source of share capital	Those using assets other than cash to offset the share price	Others
2018.08	10	5,600	56,000	5,600	56,000	Capitalization of Retained Earnings, increasing authorized capital by NT\$21,000 thousand.	None	Note 1
2019.07	10	10,578	105,784	5,600	56,000	Increase in authorized capital by NT\$49,784 thousand.	None	Note 2
2019.10	10	10,578	105,784	10,578	105,784	New shares issued through merger, NT\$49,784 thousand	None	Note 3
2019.10	10	30,000	300,000	16,502	165,023	Capitalization of Retained Earnings, increasing authorized capital by NT\$59,239 thousand.	None	Note 4
2019.12	10	30,000	300,000	18,982	181,982	New shares issued through merger, NT\$16,959 thousand	None	Note 5
2021.09	10	80,000	800,000	36,396	363,964	Capitalization of Capital Surplus, NT\$181,982 thousand	None	Note 6
2024.01	10	80,000	800,000	40,896	408,964	Cash capital increase, NT\$45,000 thousand	None	Note 7
2025.03	10	80,000	800,000	46,356	463,564	Cash capital increase, NT\$54,600 thousand	None	Note 8

Note 1: Fu-Jing-Gong-Shang-Zi No.10700159360 dated 2018.08.14.

Note 2: Fu-Jing-Gong-Shang-Zi No.10800384800 dated 2019.07.12.

Note 3: Fu-Jing-Gong-Shang-Zi No.10800432370 dated 2019.10.18.

Note 4: Fu-Jing-Gong-Shang-Zi No.10800462820 dated 2019.10.22.

Note 5: Fu-Jing-Gong-Shang-Zi No.10813742510 dated 2019.12.13.

Note 6: Fu-Jing-Gong-Shang-Zi No.11000172490 dated 2021.09.02.

Note 7: Fu-Jing-Gong-Shang-Zi No.11212937360 dated 2024.01.02.

Note 8: Fu-Jing-Shang-Zi No. 11400343130 dated 2025.03.27.

2. As of the publication date of the Annual Report, the types of shares issued by the Company are as follows:

April 30, 2025; Unit: Shares

Type of shares	Approved share capital			Remarks
	Outstanding shares	Unissued shares	Total	
Common stock	46,356,484	33,643,516	80,000,000	

3. Information Regarding Securities Issuance Through the Shelf Registration System: None.

(II) List of Major Shareholders

Shareholders holding 5% or more of the Company's shares. If fewer than ten shareholders meet this threshold, the names, number of shares held, and shareholding percentages of the top ten shareholders by ownership shall be disclosed:

April 2, 2025; Unit: Shares; %

Share		
Name of major shareholder	Number of shares held	Shareholding ratio
Hung Ning Investment Co., Ltd.	5,691,390	12.28%
Hao Xin Investment Co., Ltd.	5,368,074	11.58%
Xi Cheng Investment Co., Ltd.	5,360,896	11.56%

Share Name of major shareholder	Number of shares held	Shareholding ratio
Chang Hung Chen	2,912,546	6.28%
Yi Wei Investment Co., Ltd.	2,405,940	5.19%
Yi Bin Investment Co., Ltd.	2,403,958	5.19%
Kao, Yu-Ju	1,373,000	2.96%
Chong-Cheng Fastener Corporation	1,206,000	2.60%
Chang, Chi-Hsiang	1,130,900	2.44%
Chang, Rui-Ling	965,226	2.08%

(III) The Company's Dividend Policy and Its Implementation Status:

1. Dividend Policy as Stipulated in the Articles of Incorporation

If there is a profit in the Company's annual final accounts, it shall first pay taxes and offset for accumulated losses, and then provided 10% as the legal reserve. However, when the legal reserve reaches the Company's paid-in capital, this restriction shall not apply. Next, the special reserve shall be provided or reversed in accordance with the laws and regulations, and if there is any earning, the accumulated undistributed earnings shall be added up, for the board of directors to prepare a proposal of earning distribution, to be resolved in the shareholders' meeting for distribution.

The Company is currently in a growth stage. Its dividend policy takes into consideration current and future investment environments, capital requirements, domestic and international competition, and capital budgeting. The policy aims to balance shareholders' interests with long-term financial planning. Dividends may be distributed in the form of cash or stock, with the cash portion to be no less than 10% of the total dividends proposed for distribution.

2. Proposed Dividend Distribution for This Year's Annual General Meeting:

On April 15, 2025, the Board of Directors approved a resolution to allocate NT\$162,247,694 from the distributable earnings for 2024 as cash dividends for common shares. This proposal is scheduled to be submitted to the Annual General Meeting on June 2, 2025, for approval.

3. If Any Material Changes to the Dividend Policy Are Expected, They Shall Be Disclosed: Not applicable.

(IV) Impacts of the proposed stock dividends on the Company's operating performance and earnings per share: Not applicable.

(V) Remuneration of Employees, Directors, and Supervisors:

1. Remuneration Percentages or Ranges as Specified in the Articles of Incorporation:

If the Company records a profit for the year, no less than 1% shall be allocated as employee remuneration, and no more than 5% as director remuneration. Employee remuneration may be distributed in the form of cash or stock, as resolved by the Board of Directors. Eligible recipients may include employees of subsidiaries or controlled entities who meet specified criteria, with relevant rules authorized for formulation by the Board.

However, if the Company has accumulated losses, the shortfall shall first be offset before the above-mentioned percentages are applied.

2. Basis for Accruals of Employee, Director, and Supervisor Remuneration for the Current Year; Basis for Calculating the Number of Shares if Distributed as Stock; and Accounting

Treatment for Any Differences Between Estimated and Actual Amounts: Not applicable.

3. Remuneration distribution approved by the board of directors:

(1) Actual Amounts of Employee, Director, and Supervisor Remuneration Distributed in Cash or Stock. For fiscal year 2024 (ending December 31, 2024), the Board of Directors, on March 12, 2025, resolved to distribute employee cash remuneration in the amount of NT\$6,319,364 and director remuneration of NT\$2,206,936. There was no difference from the amounts accrued and recognized in the financial statements.

(2) Employee Remuneration Distributed in Stock and Its Percentage of Net Profit After Tax and Total Employee Remuneration: For 2024, the Board of Directors resolved on March 12, 2025, to distribute all employee remuneration in cash.

4. Actual Distribution of Employee, Director, and Supervisor Remuneration for the Prior Year (Including Number of Shares, Amount, and Share Price); and Disclosure of Any Differences from Accrued Amounts, with Explanations and Handling: At the Annual General Meeting held on June 28, 2024, the Company reported the distribution of employee, director, and supervisor remuneration for 2023, which was consistent with the resolution passed by the Board of Directors, with no discrepancies.

(VI) Status of Share Repurchases by the Company: None.

II. Issuance of Corporate Bonds: None.

III. Preferred share handling status: None.

IV. Overseas depositary receipt handling status: None.

V. Status of Employee Stock Warrants and Restricted Stock Awards: None.

VI. Issuance of New Shares for Mergers or Acquisitions of Other Companies' Shares: None.

VII. Implementation Status of Capital Utilization Plans:

(I) Plan Details:

Previous Offerings or Private Placements of Securities Not Yet Completed or Completed Within the Most Recent Three Years with Planned Benefits Not Yet Materialized: None.

(II) Implementation Status: Not applicable.

Four. Operations Overview

I. Business Activities:

(I) Scope of Business:

1. Main Business Activities:

CA02030 Screw, Nut and Rivet Manufacturing.

CA02080 Metal forging industry.

F106010 Wholesale of Hardware

F401010 International Trade.

F111090 Wholesale of Building Materials.

F114030 Wholesale of Motor Vehicle Parts and Supplies

F119010 Wholesale of Electronic Materials

F113010 Wholesale of Machinery

ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue Composition:

Unit: NT\$ thousands; %

Year Product Category	2023		2024	
	Net operating income	Percentage (%)	Net operating income	Percentage (%)
Fastener Products	1,852,531	81.09%	1,976,004	82.04%
Others	432,066	18.91%	432,464	17.96%
Total	2,284,597	100.00%	2,408,468	100.00%

3. Current Products (or Services) and Applications:

The Company's main products consist of automotive fasteners in various sizes and industrial mechanical fasteners. Automotive fasteners, such as bolts and nuts for automotive applications, account for approximately 80% of total sales. The remaining 20% consists of fasteners primarily used in industrial applications (such as home appliances, agricultural machinery, and general machinery). The Company operates on a made-to-order production model, with a primary focus on providing integrated solutions to customers. It specializes in the manufacturing of custom-specification screws and components, which are mainly used in the automotive industry. End customers include major automobile manufacturers in the Americas, Europe, and Japan, followed by large manufacturers of agricultural machinery and home appliances.

Strict quality control is also one of the Company's important values. The quality requirements for automotive parts in particular have always been very strict. The IATF 16949 certification owned by the plant is a necessary quality management certification for car manufacturers' suppliers. and A2LA accreditation, a testament to the Company's commitment to quality.

Most importantly, the Company is supported by a team of more than 30 highly skilled and experienced sales engineers, dedicated to delivering professional and high-quality services to customers. This team provides comprehensive support by reviewing all technical drawings and product details, including raw material selection, heat treatment conditions, and surface treatment specifications. In addition, they

collaborate with customers on production planning and offer inventory management services as needed.

4. Planned New Product (or Service) Development and Intended Applications:

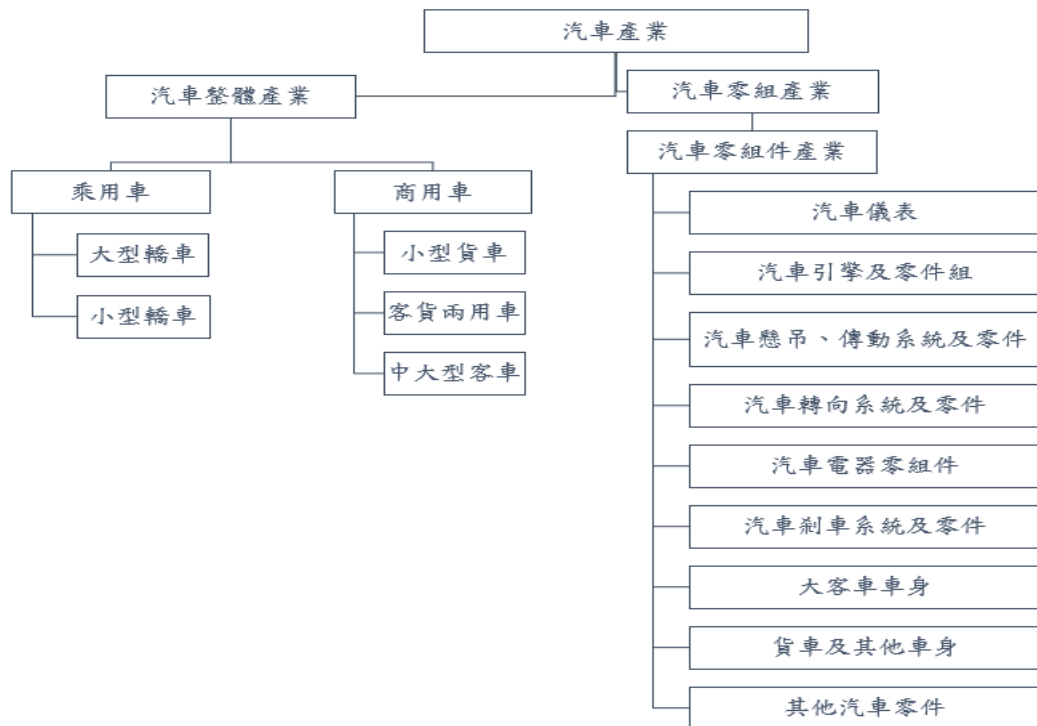
- (1) Develop new production processes and new machinery and equipment for products, and optimize the production process of special products, in order to increase the rate of in-house manufacturing.
- (2) The Company plans to implement advanced smart manufacturing systems in the future, including the development of customized automated machinery designed in collaboration with equipment manufacturers. Automated equipment will also be introduced for in-plant material handling processes to reduce labor requirements and minimize overhead crane operation time.
- (3) The first automated dispensing/assembly/laser machine for the "Two-Piece Locking TEC Washer" has been completed and is now in successful production. This has significantly contributed to labor reduction and cost savings. Full-size inventory is currently available, and the Company is actively participating in trade shows to expand its market share both domestically and internationally.
- (4) Components: Strive to secure orders for assembled component products and develop automatic assembly equipment for large quantities of components, to take orders stably and significantly reduce manpower and costs.
- (5) Automatic packaging machine: To reduce the cost of outsourcing packaging, and reduce the quality problems and pollution risks of outsourcing.
- (6) Cold punched aluminum fastener products: Most aluminum products currently rely on CNC machining. By utilizing cold forming to produce aluminum fasteners, the Company can significantly reduce customer costs and enhance production efficiency.

(II) Industry Overview:

1. Current Status and Development of the Industry:

(1) Overview of the Automotive Industry:

Fasteners are among the most critical components in the automotive industry due to the complexity and variety of required parts. On average, more than 2,000 screws and nuts are used in a single vehicle, applied across various subsystems including the engine, suspension, body, and interior, highlighting the substantial demand for fasteners in the automotive sector. The automotive industry is a capital- and technology-intensive sector with high added value. Its manufacturing processes are highly complex and require close collaboration across a wide range of industries. The automotive sector also drives the growth of related industries such as steel, rubber, electromechanical systems, glass, and coatings. When viewed from the perspective of complete vehicle production and parts manufacturing, the classification of the automotive industry and its components can be illustrated as follows.



The major global automotive markets include China, Europe, the United States, and Japan. Despite disruptions from the U.S.-China trade tensions and the COVID-19 pandemic in recent years, Asia remains the largest and fastest-growing market in the world. The region has recently experienced a compound annual growth rate (CAGR) of 6.5%. Key markets such as China, Malaysia, South Korea, and India have become primary destinations for foreign automakers to increase investment and expand operations. Asia is currently leading the global manufacturing resurgence, particularly in sectors such as electrical and electronic components, automotive, and machinery. According to the Taiwan's automotive parts industry cluster is highly regarded for its internationally competitive capabilities, characterized by flexible, small-batch, and highly customized manufacturing supported by well-integrated hardware, software, and management systems. These strengths have made Taiwan a key player in the global automotive supply chain. The industry's main competitive advantages are as follows:

- A. A highly concentrated and comprehensive automotive parts industry cluster with tightly integrated supply chains.
- B. Continuous advancement in domestically manufactured machine tools and production equipment in Taiwan.
- C. Strong technical capabilities among component manufacturers, with refined expertise in mold design and fabrication.
- D. Well-established talent development and knowledge transfer mechanisms, contributing to high management efficiency.
- E. High-quality materials and ongoing breakthroughs in the development of new materials

Due to global shared automotive development platforms such as BMW UKL, Volvo CMA and SPA dual platforms, Volkswagen MQB, Toyota TNGA, and Subaru SGP, automakers' platform utilization has increased the parts sharing ratio among their various models, significantly reducing vehicle production costs. It is projected that the comprehensive adoption of extensively shared components will ultimately increase from the initial 20% to 30% to 70% to 80%.

Taiwan's automotive components industry is primarily engaged in metal machining and plastic injection molding. With extensive international experience and a strong foundation, Taiwan's export volume continues to grow steadily each year. Leading companies have entered the global supply chain of major international automakers through strategies such as overseas investment, establishment of production facilities, setting up foreign sales offices, technology partnerships, and even joint ventures. These companies have accumulated substantial experience across all segments, including aftermarket services (AM), original equipment manufacturing (OEM), and original design manufacturing (ODM).

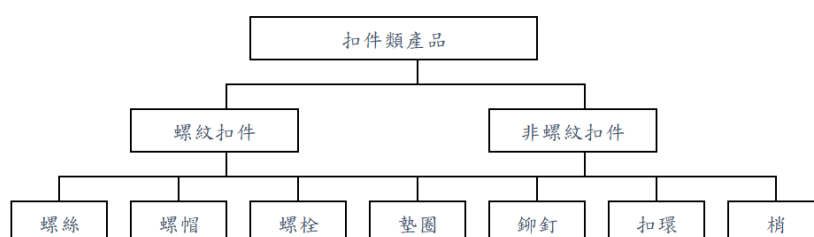
The automotive fastener industry is undergoing a major transformation, driven by the rapid growth of next-generation vehicles such as electric vehicles and the emergence of related markets including automotive electronics. Core customers are shifting from traditional automakers to new entrants and players in the automotive electronics sector. As a result, demand for fasteners used in internal combustion engines and transmission systems is expected to decline significantly. These will be replaced by fasteners designed for battery modules, electronic components, and fully electric vehicles. Suppliers capable of developing and producing these new products are likely to replace a portion of traditional manufacturers. Going forward, research and development will focus on new materials and manufacturing processes for next-generation fasteners, with an emphasis on lightweight construction, high conductivity, and rapid assembly. The global automotive fastener industry is expected to undergo a structural reshaping. Companies that establish direct partnerships with EV manufacturers will be better positioned to benefit, while traditional fastener manufacturers and distributors that secure positions within the evolving supply chain will continue to play important roles. Most fastener manufacturers in Taiwan are small to medium-sized enterprises, and only a few have direct access to automotive manufacturers.

The Company views this industry transformation as a significant opportunity for upgrading and restructuring. We are committed to aligning with emerging trends and seizing opportunities for growth and development. Looking ahead, the continued expansion of emerging technology applications, sustained demand for remote business solutions, robust orders for advanced semiconductor processes, and the gradual recovery of traditional industries such as petrochemicals, steel, machinery, and automotive are expected to support momentum in the manufacturing sector. However, the global pandemic situation remains severe,

and uncertainties persist due to the unresolved trade and technology disputes between the United States and China. The international economic outlook remains highly uncertain and will require close monitoring and a prudent response.

(2) Current Status of the Fastener Industry:

According to the classification principles for industrial products established by the Ministry of Economic Affairs, screws and nuts are collectively referred to as fasteners, and are primarily manufactured using wire rods as raw materials. Screw and nut products can be broadly categorized into two main types: threaded fasteners, which include bolts, studs, screws, and nuts; and non-threaded fasteners, which include rivets, washers, pins, and retaining rings, as illustrated in the diagram below.



Based on research conducted by the Taiwan Institute of Economic Research (April 2023), the primary raw materials for the fastener industry are wire rods and metals such as nickel and zinc. Price fluctuations of these materials significantly influence product pricing in the industry.

In recent years, the COVID-19 pandemic led to significant overstocking by the European and U.S. markets, resulting in a short-term decline in demand. However, as the pandemic subsided and inventory levels gradually normalized, market orders began to rebound noticeably in 2024, showing significant growth compared to 2023. In response to the market recovery, the Company has secured multiple new projects, resulting in increased order momentum overall. This reflects a gradual stabilization in the fastener industry and indicates a "steady and positive" development trend.

At the same time, the price of wire rods from China Steel Corporation remained relatively stable throughout 2024, which supported greater predictability in cost estimation and pricing strategies for enterprises, thereby helping to mitigate operational risks arising from raw material price volatility.

However, uncertainties in the global political and economic landscape persist. In particular, with Trump's re-election as President of the United States, the market anticipates a continuation or even intensification of prior trade protectionist policies, such as increased tariffs, adjustments to import and export restrictions, and renewed scrutiny of multilateral trade agreements. If implemented, such policies could have a significant impact on global trade flows and industrial supply chains.

In light of this, the Company will continue to closely monitor international political and economic developments, especially the trajectory of U.S.–China trade relations and U.S. policy toward Asian export markets. The Company will also proactively develop diversified market strategies and risk management measures to enhance resilience and adaptability in the face of external disruptions.

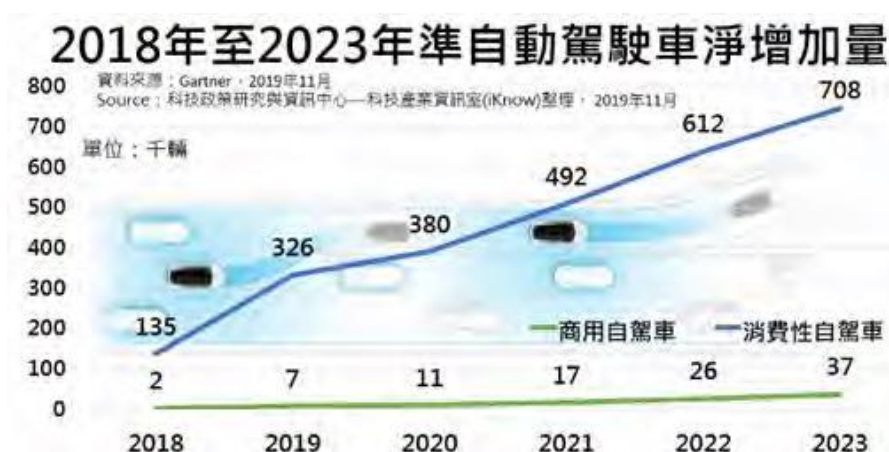
2. Correlation Among Upstream, Midstream, and Downstream Segments in the Industry
The fastener industry primarily relies on spheroidized wire as its key raw material. Spheroidized wire is produced by subjecting wire rods to heat treatment, which transforms the steel's microstructure into a spheroidized phase. This process prevents cracking during future stamping or forming operations. In the upstream segment, China Steel Corporation (CSC) is the largest supplier of wire rods, followed by other producers such as Chun Yu, Yieh Hsing, Quintain Steel, Tycoons, and Feng Hsin. Fastener manufacturers typically purchase wire rods from these suppliers and then engage specialized wire processing companies to carry out the spheroidization treatment. Peripheral supporting industries include manufacturers of forming machines, molds, heat treatment services, and surface treatment providers. Downstream industries encompass a wide range of sectors, including manufacturers of automotive and motorcycle parts, metalworking machinery, agricultural and horticultural machinery, and other general manufacturing industries. The interrelationship among the upstream, midstream, and downstream segments of the fastener industry is illustrated as follows:

<u>Upstream</u>	<u>Peripherals</u>	<u>Midstream</u>	<u>Channel</u>	<u>Downstream</u>
Spheroidized wire, stainless steel wire	Heat treatment, surface treatment, molding machinery, mold manufacturing	Carbon steel and stainless steel fasteners	Distributor, manufacturer	Transportation, machinery, construction, furniture, electronic and electrical appliances

Source: Metal Industries Research & Development Centre, IT IS Project

3. Product Development Trends:

- (1) New Energy Vehicles and Autonomous Driving Market:



The global automotive industry is undergoing five major transformation trends: **electrification, autonomy, shared mobility, connectivity, and annual product cycle upgrades**. It is expected that by 2030, China will become a core market leading the transformation of the global auto industry, which will have a profound impact on the global auto supply chain and related parts and components industries.

First of all, **electrification** has become a common goal of global car manufacturers. Future vehicles will promote the concept of "zero emissions," with not only the vehicles themselves being electric (EVs), but also the electricity used for charging expected to come from renewable energy sources. This will enable truly low-carbon mobility and help address the challenges of climate change.

Second, **autonomy** is being enabled by rapid advancements in technologies such as artificial intelligence, machine learning, and deep neural networks, which are driving the continued maturation of **autonomous driving technologies**. Future vehicles will not only redefine the role of the "driver," but will also fundamentally transform how people perceive transportation and mobility.

The third is **shared mobility**. As autonomous driving technology becomes commercially viable, vehicles will no longer be viewed solely as personal property, but rather as on-demand, shareable transportation resources. Users will be able to book vehicles at any time through convenient "mobility-on-demand" platforms, reducing the need for individual car ownership while improving overall transportation efficiency.

Fourth, connectivity (Connected Vehicles) has also become a central trend in the industry. Not only will vehicles be intelligently connected with each other (V2V) and with infrastructure (V2I) to enhance driving safety and traffic efficiency, but passengers will also be able to stay connected to the outside world in real time through in-vehicle internet technologies, enabling communication, remote work, and multimedia applications.

Fifth is the **acceleration of product upgrade cycles**. While traditional vehicle models followed a refresh cycle of five to eight years, the advancement of the four aforementioned technologies is driving automakers to continuously introduce new features and software updates. As a result, the industry is shifting toward an "annual update" model, with significantly faster innovation and development cycles.

However, it is worth noting that the **recent growth momentum in the global electric vehicle (EV) market has shown signs of slowing**. Contributing factors include the incomplete rollout of charging infrastructure, lingering consumer concerns over battery life and driving range, and the phase-out of government subsidies in certain regions. Therefore, while electrification remains a long-term trend, its actual pace of development and market acceptance will require ongoing monitoring and adaptive strategic planning.

(2) Closer Integration Within the Supplier Ecosystem:

Recent trends in the global automotive market reveal significant changes in the structure of the contract manufacturing ecosystem. To expand production scale, major automakers have shifted away from vertically integrated manufacturing toward lower in-house production ratios for automotive components. As a result, their reliance on external parts suppliers has increased. Automotive component suppliers have thus evolved from pure contract manufacturers into key R&D partners. Their responsibilities now extend beyond traditional manufacturing to include product design and development, production, quality assurance, lead time management, and after-sales service. To reduce production costs, these large component suppliers have increasingly adopted outsourcing models or formed joint ventures. They have also streamlined their supplier base to build long-term partnerships. Through vendor-managed inventory systems, they aim to lower supply chain costs, assume greater responsibility for product quality, and provide just-in-time delivery services.

(3) OEMs Lower Production Costs in Response to Competitive Pressures:

Faced with external environmental pressures, automotive manufacturers are gradually shifting toward customer-oriented business models. In the future, they are expected to place greater emphasis on product design and customer relationship management. This also reflects a trend toward increased outsourcing, as automakers move away from procuring individual parts or components and adopt a "modular" supply model involving integrated systems supplied by component manufacturers. Currently, component manufacturers in Europe, the United States, and Japan are actively focusing on the development of modular automotive parts. As Europe and the U.S. are the main export markets for Taiwan's automotive components, this trend is expected to create new business opportunities for Taiwanese manufacturers.

(4) Competitive Landscape:

In general, automotive component manufacturers can be categorized into two groups: those that supply original equipment manufacturers (OEMs) for vehicle assembly, and those that serve the global automotive after-sales service market (AM or Aftermarket). are discussed below.

(1) OEM Market

Taiwan's automotive component OEM market has faced development bottlenecks due to the relatively small size of the domestic market and the stringent quality and control requirements set by original equipment manufacturers. However, in recent years, local manufacturers have increased their investment in R&D, resulting in significant improvements in production technology and product quality. Some components have already reached a level of international competitiveness and are gradually expanding into global markets.

(2) Aftermarket (AM) Market

Taiwan's automotive parts exports primarily focus on general maintenance and replacement parts such as plastic components, stamped metal parts, lighting systems, and tires, with the global aftermarket being the main target segment. According to the Taiwan External Trade Development Council (TAITRA), as Taiwan's automotive component industry mainly serves the aftermarket, the quality requirements are generally less stringent compared to those for OEM assembly parts. Consequently, price competition in this segment is more intense, and products from developing countries pose a greater competitive threat.

The Company primarily serves the OEM market, although transactions with OEMs or Tier 1 suppliers are typically conducted through our customers (distributors). The Company's main competitors are Taiwanese trading firms and manufacturers. Key competitive factors include customer loyalty, price competitiveness, product quality, quotation turnaround time, on-time delivery rate, lead times, responsiveness to customer needs, and overall service quality. In addition, the competitive landscape is not limited to Taiwan; the Company must also compete with global suppliers. Countries such as Spain, Italy, the United States, Turkey, and Mexico are home to many strong and capable manufacturers. We must continuously monitor and adjust our strategic direction to maintain our competitiveness.

(III) Technology and R&D Overview

1. Technology Level and Research & Development

The Company continues to expand its R&D initiatives by developing new manufacturing processes, diversifying its product portfolio, and enhancing technical training for personnel. These efforts aim to support the development of high value-added products, increase market share, and strengthen the Company's competitive advantage.

2. Mold design

The Company possesses in-house capabilities for designing molds for screws and nuts. Well-executed mold design helps reduce tool wear and enables more efficient production, ultimately leading to lower manufacturing costs.

3. R&D and Production of New Products

The Company regularly reviews market conditions and internal capabilities to determine the strategic direction for developing new products.

- A. Recent investments in the development and production of the TEC-Washer have proven highly successful. Revenue from this product has shown steady growth, particularly in the U.S. market, and new customers continue to be added in Europe and Taiwan.
- B. Given the complexity of the U-bolt manufacturing process, the Company is currently working closely with partner firms to jointly develop more efficient production processes and machinery.
- C. For Wireform products, which come in a wide range of specifications, the Company is evaluating the implementation of relevant machinery. Plans are

underway to optimize the process by leveraging our manufacturing and management expertise, with the goal of reducing production and management costs through automation.

- D. As aluminum fasteners gain traction alongside the lightweighting trend in electric vehicles, demand for such products is expected to increase. Unlike conventional steel fasteners, aluminum products are more prone to cracking and fractures. The Company has successfully developed cold forging processes for aluminum fasteners that meet required hardness specifications without cracking. Moreover, aluminum fastener production requires reliable suppliers of high-quality aluminum wire rods with stable quality and no supply interruptions. The Company has already established partnerships with more than two such suppliers.

4. R&D Expenditures Over the Past Five Years

Unit: NT\$ thousands; %

Item/Year	2020	2021	2022	2023	2024
R&D expenditure	5,347	3,978	6,050	11,583	11,547
Net operating income	1,743,902	2,425,134	2,842,849	2,284,597	2,408,468
R&D expenditure As a Percentage of Revenue	0.31%	0.16%	0.21%	0.51%	0.48%

5. Successfully Developed Technologies or Products in the Past Five Years

Year	Item
2018	Two-Piece Locking Nut Assembly (NORDIC NUT®) (Taiwan and the People's Republic of China)
	Two-Piece Locking Screw Assembly (NORDIC SCREW®) (Taiwan and the People's Republic of China)
2019	Two-Piece Locking Screw Assembly (NORDIC SCREW®) (Japan)
	Two-Piece Locking Nut Assembly (NORDIC NUT®) (Japan)
	Three-Stage Surface-Modified Stainless Steel Material and Manufacturing Method (Taiwan)
2023	Automation of Assembly Process for Building Clamp Products (Taiwan)

(IV) Short and Long Term Business Development Plans

1. Short Term Objectives

- (1) To expand business lines and develop markets in Japan, South Korea and Southeast Asia.
- (2) Introduce automated intelligent manufacturing into the production process to improve the in-house manufacturing rate and expand the market share.
- (3) Increase product diversity and actively develop patented products to expand sales of patented products.

2. Mid to Long Term Objectives

- (1) Establish overseas locations and manufacturing bases to achieve faster delivery and more timely customer service.
- (2) Cultivate technical personnel, enhance technical proficiency, and improve customized orders and quality control.
- (3) Expand production lines to further increase the in-house manufacturing ratio.

II. Market Overview and Production/Sales Status:

(I) Market Analysis:

1. Major Sales Regions for Key Products

Unit: NT\$ thousands; %

Sales Region \ Year	2023		2024	
	Amount	Ratio (%)	Amount	Ratio (%)
North America	1,456,440	63.75%	1,525,917	63.36%
Europe	600,868	26.30%	683,464	28.38%
Asia/Australia/New Zealand	219,201	9.59%	196,868	8.17%
Others	8,088	0.36%	2,219	0.09%
Total	2,284,597	100.00%	2408,468	100.00%

2. Market share

The Company's products are widely applied across various sectors. Market share is estimated based on the ratio of the Company's annual sales to the total export value of fasteners from Taiwan. According to the import/export database of the Taiwan Institute of Economic Research, Taiwan's total fastener export value amounted to approximately NT\$186 billion in respectively. Based on this, the Company's average market share in Taiwan's fastener export market in recent years is estimated at approximately 1.5%.

The Company's products are widely applied across various industries, with a strong focus on complex and highly customized items, which fall under a different market segment from standard or general-purpose fasteners. According to the annual rankings published by Fastener World Magazine, one of the most recognized publications in the fastener industry, the Company has consistently ranked among the top 20 fastener enterprises in recent years, reflecting its solid industry influence and market presence.

3. Future Supply and Demand Outlook and Growth Potential

Demand Side: Fasteners are often referred to as the "rice of industry," essential components that are indispensable across virtually all sectors. As industrial development continues to flourish, the demand for fastener products increases in tandem. In countries with higher degrees of industrialization, the demand is proportionally greater. Currently, industrially advanced regions such as the United States, the European Union, and Japan represent major consumption markets for fasteners. Additionally, with the economic growth and ongoing industrialization of countries such as China, Brazil, Southeast Asia, and India, demand for fasteners is expected to continue rising. As a result, the fastener industry still holds substantial growth potential and a broad market outlook.

Supply Side: Fastener production in Taiwan primarily consists of standard fasteners and non-standard products. Standard fasteners face intense competition from lower-cost producers in China and Southeast Asia. Although these regions have yet to match Taiwan in terms of product quality and consistency, Taiwanese manufacturers are accelerating their shift toward high-value, high-tech fastener production. This strategic move is expected to preserve Taiwan's competitive advantage in the global

market. Taiwan is not only known for its high product quality and comprehensive industrial supply chain, but also for its advanced industrial capabilities, particularly in the machinery and tooling required for fastener manufacturing. These capabilities remain unmatched by producers in China and Southeast Asia. As such, Taiwan continues to be one of the world's leading suppliers in the global fastener market and is well positioned for continued growth. Reputed as the "Kingdom of Screws," Taiwan is recognized for its superior product quality. Within the global supply chain, there remains significant room for growth for Taiwanese manufacturers. Automotive fasteners alone account for approximately 31% of total global industrial fastener consumption. With continued annual growth projected in the automotive sector, automotive fasteners present strong development potential in the years ahead.

4. Competitive Niche

(1) Flexible Operating Model:

The Company adopts a flexible operating model by entering into vendor-managed inventory agreements with clients for high-volume products. This approach reduces sales-related costs, minimizes the frequency of transportation scheduling, and lowers the risks associated with order changes, thereby supporting stable business growth. In line with our customer-centric philosophy, the Company is also able to accommodate urgent or unforeseen client needs, such as requests for early or delayed deliveries, through close collaboration with long-standing supply partners.

(2) Capability in Process Design, Development, and Improvement:

In addition to traditional manufacturing, the Company offers expertise in mold design, new drawing development and production, customized product design, and quality inspection. With a team of skilled technical professionals, the Company provides value-added services to clients and fosters strong, long-term cooperative relationships. The Company has continuously invested in cultivating a technically proficient workforce with comprehensive knowledge in areas such as materials, manufacturing processes, surface treatment, plating and coating, strength and testing methods, PPM, PPAP, mold design, and R&D. This expertise enables ongoing process improvements, cost reduction, and increased profitability.

Moreover, the Company actively plans production for recurring long-term orders to reduce scheduling delays and improve mass production efficiency.

(3) Outsourced Vendor Management System:

Given the Company's diverse product range, production planning is based not only on in-house equipment and capacity but also on a thorough evaluation of each outsourced vendor's production capabilities, facilities, and technical expertise. Production schedules are allocated and coordinated according to each vendor's capacity and technical strengths. This approach enables effective cost control, reduces production risks, and ensures consistent product quality.

(4) Long-Term and Stable Customer Relationships:

The Company has consistently invested in the professional development of its export sales engineers, resulting in low employee turnover and high levels of customer trust. These efforts have enabled the Company to maintain long-term, stable relationships with its clients.

5. Favorable and Unfavorable Factors Affecting Future Development and Corresponding Countermeasures

(1) Favorable Factors

A. Professional Technical Team and Product Diversification

With a broad global customer base, the Company actively invests in the training and development of a professional technical team capable of meeting diverse customer requirements through customized production. The Company currently offers a wide range of product specifications, with more than 20,000 types available. Looking ahead, the Company plans to implement smart manufacturing technologies to enhance production capabilities. This will support expansion into emerging markets and promote diversified development in overseas markets, positioning the Company as a pioneer of intelligent manufacturing in Taiwan's fastener industry.

B. Rising Global Industrialization

Screws and nuts are essential fastening components used across a wide range of industries and equipment. Their applications span machinery, electronics, transportation, household appliances, furniture, and construction, among others. These components currently have no viable substitutes in their functional role. As the degree of industrialization increases, so does the usage of fasteners. Therefore, demand for screws is expected to grow steadily in line with global industrial development.

C. Business Market Expansion

The Company primarily focuses on export markets and continues to strengthen relationships with existing international clients to enhance customer satisfaction and stability. At the same time, the Company actively seeks to acquire new customers in countries such as Japan, South Korea, and those in Southeast Asia, while closely monitoring developments in emerging markets to further expand its business footprint.

D. Flexible Operating Model and Corporate Culture

The Company has long maintained financial transparency and a culture of sharing operational achievements with employees. In response to transformation goals, the Company is increasing its in-house manufacturing ratio and profitability, encouraging greater employee participation, and preparing to meet capital needs for plant expansion. To support the development of new products and manufacturing processes, the Company is actively preparing for a public listing to raise funds. As part of this initiative, equity participation opportunities will be offered to

employees and suppliers to foster shared growth and long-term collaboration.

E. In-House System Development

To address the characteristics of low-volume, high-mix production, the Company has developed a highly customized internal system to support scalable manufacturing. This enhances operational efficiency and enables effective product management.

(2) Unfavorable Factors and Corresponding Countermeasures

A. International relations are affected by geography

Due to heightened geopolitical concerns reported by the media, international end customers are increasingly seeking to diversify their procurement sources to mitigate risk. As a result, they are avoiding overconcentration of sourcing activities in Taiwan and China.

Corresponding Countermeasures:

The Company actively seeks quotations in Southeast Asia, where the pricing is competitive, to diversify procurement risks, while also negotiating with customers to leverage their facilities, machinery, and production processes. At the same time, the Company aims to enhance strong customer relationships and establish subsequent sales development opportunities.

B. Impacts of the growth of the full-electric vehicle industry

Globally, the share of fully electric vehicles is projected to increase to 30 to 40 percent by 2030, reaching approximately 20 to 30 million units. As a result, major fastener-consuming components in the automotive industry, such as engines, engine compartments, drive shafts, and exhaust systems, will experience a significant decline in usage, decreasing to only 20 to 30 percent of current levels due to structural changes in the industry. This transformation is expected to have a substantial impact on exporters primarily focused on automotive components.

Corresponding Countermeasures:

The Company responds to the future industry trends in advance, diversifies risks, and actively expands markets and customer ratios other than auto parts.

C. Manpower shortage

Taiwan's current industrial trends are facing a severe labor shortage, particularly in traditional industries. The screw industry, in particular, is currently grappling with a wave of retirements among experienced and skilled technicians, creating a predicament where the younger generation of industry workers cannot readily take over their expertise.

Corresponding Countermeasures:

(A) With AI continuing to generate widespread interest, the adoption of AI-driven management has become an inevitable trend. However, most small and medium-sized enterprises in Taiwan lack the

resources to invest in automated production lines. In response to critical issues such as widespread labor shortages among suppliers, the Company has proactively provided early guidance and implemented appropriate measures to address these challenges.

- (B) Going public to enhance corporate visibility and further attract outstanding talent. The Company is also improving employee benefits and implementing related employee incentive programs to retain talent.

D. Changes in Production and Sales Dynamics

With increasing transparency in production and sales information, it is becoming more common for customers to purchase directly from factories. Exporters may also bypass current clients and establish direct business relationships with assembly lines.

Corresponding Countermeasures:

In addition to enhancing service quality, the Company has increased the frequency of visits to customers and suppliers to improve product value, grow together, and enhance profitability, while strengthening relationships and loyalty with both suppliers and customers.

E. Trump's Election and Expected U.S. Protectionist Policies

With Trump's re-election, the market widely expects a continuation, or even intensification, of his previous "America First" policies. These may include stricter import tariffs, the renegotiation or withdrawal from multilateral trade agreements, and increased trade restrictions targeting specific countries such as China. Such policies are likely to escalate global trade tensions and pose significant challenges to export-oriented manufacturing industries.

Corresponding Countermeasures:

Under this circumstance, the Company will closely monitor U.S. policy developments and their potential impact on the global supply chain. The Company will also assess the need to adjust market deployment in advance and diversify export market risks in order to enhance overall operational flexibility and adaptability in international trade.

F. Q.E., Interest Rate Hikes, and Exchange Rate Fluctuations

Exchange rate fluctuations have been affected by the Russia–Ukraine war, the post-pandemic environment, changes across major industries, and interest rate hikes.

Corresponding Countermeasures:

The Company continuously monitors relevant information to adjust its business direction, including foreign exchange and capital management.

G. Environmental Policies in Europe and the U.S., and the Imposition of Carbon Border Taxes

Since the early 21st century, the European Union has introduced a series of environmental policies, such as REACH, WEEE, RoHS, and EuP, that

not only strengthen environmental protection within the EU, but also act as trade barriers externally. Companies wishing to export products to EU member states must comply with the relevant environmental directives and regulations. At the end of 2022, the European Council and the European Parliament reached a provisional agreement to establish the Carbon Border Adjustment Mechanism (CBAM). The mechanism is scheduled for a trial phase starting in October 2023 and will be formally implemented in 2027, following the conclusion of the transitional period at the end of 2026. The CBAM primarily functions by requiring a clear declaration of the carbon content of products from exporting countries. If the carbon content exceeds the standards set by the importing country, importers will not only be required to purchase carbon credits, but may also be subject to carbon tariffs on the products. The mechanism is intended to achieve the following objectives:

- (A) Reduce carbon leakage;
- (B) Maintain the competitiveness of industries within the EU;
- (C) Encourage foreign trade partners to lower the carbon footprint of their products to meet the EU's low-carbon standards;
- (D) Increase the revenue from carbon tariffs (for imported products from energy-intensive industries such as electricity, cement, steel, aluminum, oil refining, papermaking, glass, chemicals, and fertilizer), and use the tariff revenue as a low-carbon investment in the EU.

Policy Response:

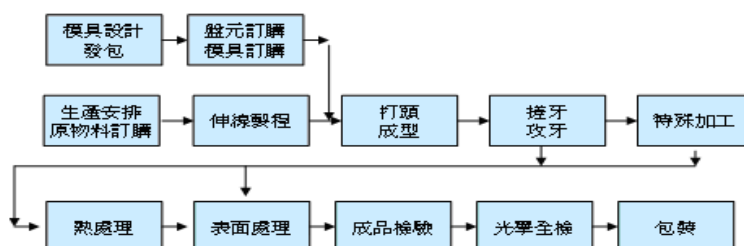
The Company will also consider negotiating and adjusting pricing with customers in order to reduce carbon emissions with the improvement of environmental equipment and the refinement of manufacturing technology.

(II) Key Applications and Production Processes of Main Products

1. Key Applications of Main Products

Main Uses of Main Products: Our Company's products are a crucial link in the automotive agricultural machinery and durable goods manufacturing industries , primarily applied in machinery automotive component manufacturing 3C electronics and construction industries etc. and automotive is the largest application industry for components.

2. Production Process:



(III) Supply Status of Main Raw Materials

Main Raw Material	Suppliers	Supply Status
Wire Rod	Company A	Good, Stable
Wire Rod	Company B	Good, Stable
Wire Rod	Company C	Good, Stable

Description: The Company's main raw materials can be sourced from multiple suppliers, with stable quality and reliable delivery schedules. The Company has established strong cooperative relationships with its suppliers and diversified its sourcing channels to ensure supply stability and reduce the risk of shortages.

(IV) Customers or Suppliers Accounting for Over 10% of Total Purchases or Sales in Any of the Past Two Years, Including Names, Amounts, and Proportions, and Explanation of Changes (Unit: NT\$ Thousands):

1. Suppliers Accounting for Over 10% of Total Consolidated Purchases:

Unit: NT\$ thousands; %

Item	2023				2024			
	Name	Amount	Share of Total Annual Net Purchases (%)	Relation with the issuer	Name	Amount	Share of Total Annual Net Purchases (%)	Relation with the issuer
1	Vendor D	297,809	18.91%	None	Vendor D	301,397	17.01%	None
2	Others	1,276,901	81.09%	None	Others	1,470,555	82.99%	None
	Net purchase amount	1,574,710	100.00%		Net purchase amount	1,771,952	100.00%	

Note 1: Due to contractual confidentiality obligations or where the vendor is an individual and not a related party, the name may be represented by a code.

Analysis of Changes: There were no material changes in the list of suppliers accounting for over 10% of the Company's or its subsidiaries' total purchases in the past two years and the most recent period.

2. Customers Accounting for Over 10% of Total Consolidated Sales:

Unit: NT\$ thousands; %

Item	2023				2024			
	Name	Amount	Share of Total Annual Net Purchases (%)	Relation with the issuer	Name	Amount	Share of Total Annual Net Purchases (%)	Relation with the issuer
1	Company A	333,348	14.59%	None	Company A	286,607	11.90%	None
2	Company B	280,123	12.26%	None	Company B	249,992	10.38%	None
3	Others	1,671,126	73.15%	None	Others	1,871,869	77.72%	None
	Net sale	2,284,597	100.00%		Net sale	2,408,468	100.00%	

Note 1: Due to contractual confidentiality obligations or where the customer is an individual and not a related party, the name may be represented by a code.

Analysis of Changes: There were no material changes in the list of customers accounting for over 10% of the Company's or its subsidiaries' total sales in the past two years and the most recent period.

III. Employee Information

Unit: Persons; Years; %

Year		2023	2024	As of March 31, 2025
Number of employees (persons)	R&D personnel	5	5	6
	Manufacturing personnel	33	33	39
	Marketing personnel	49	49	46
	Administrative personnel	18	22	23
	Total	105	109	114
Average age		39.87	41.83	41.32
Average years of service (years)		8.29	9.3	8.57
Education distribution ratio (%)	Master's degree	2.85%	2.75%	2.63%
	Junior College	80.95%	82.56%	82.46%
	Senior High School	16.2%	14.69%	14.91%

IV. Environmental Protection Expenditure

- (I) Losses Incurred Due to Environmental Pollution in the Most Recent Year and Up to the Publication Date of This Annual Report (including compensation and violations of environmental protection regulations identified through environmental audits, specifying the date and number of the penalty, the articles of the regulations violated, the content of the violation, and the content of the penalty), and disclosure of the estimated current and future potential amounts and corresponding measures. If a reasonable estimate cannot be made, the fact that a reasonable estimate cannot be made should be explained: None.
- (II) Estimated Current and Future Potential Amounts and Corresponding Measures: None.

V. Labor Relations

- (I) List the Company's various employee welfare measures, professional development and training programs, retirement system and its implementation status, as well as labor-management agreements and measures for safeguarding various employee rights:
- Various Employee Welfare Measures, Professional Development, and Training Programs
The Company provides welfare measures including: regular employee health check-ups, employee gatherings, birthday and three major festival bonuses/gift certificates, employee domestic and international travel, long-service awards, and subsidies for marriage, funerals, and other celebratory or bereavement events, as well as emergency assistance. Regarding insurance, in addition to social statutory insurance such as Labor Insurance and National Health Insurance, there is also employee group accident insurance. Free coffee and tea are provided for employees. Regular fire and disaster evacuation drills, employee professional education and training, and regular on-site health education services by professional medical personnel are also provided.
 - Employee Profit Sharing
The Company's achievements are the result of the collective efforts of all colleagues. Therefore, compensation will be generously provided based on employees' performance contributions to attract outstanding talent, retain high-quality employees, and enable continuous employee growth, thereby ensuring the Company's prosperity.

This Profit Sharing Plan is specifically established for this purpose.

- (1) Festival Incentive Bonuses: If, as of the Dragon Boat Festival, Mid-Autumn Festival, or year-end, the internally prepared financial statements by the Finance and Accounting Department indicate that the Company has been profitable during the respective period as well as on a cumulative basis from the beginning of the year to the given festival, an amount not exceeding 10% of the pre-tax profit for that period may be allocated as incentive bonuses.
- (2) Employee Bonus: The Company's Articles of Incorporation stipulate that if there are profits in a year, no less than 1% shall be appropriated as remuneration to employees. Notwithstanding, the accumulated losses, if any, shall have been covered first.

3. Retirement System and its Implementation Status

In accordance with the Labor Pension Act, the Company appropriates no less than 6% of each employee's monthly salary to their individual pension accounts. The Company also adjusts employees' insured salary brackets in a timely manner to ensure the protection of their statutory rights and benefits.

4. Labor-Management Agreements and Employee Rights Protection Measures

In accordance with relevant regulations set forth by the Taiwanese government, labor and management matters are handled based on the Company's work rules, employment contracts, and internal management policies. These documents clearly define employees' rights, obligations, and benefits, thereby safeguarding their labor rights. Labor-management meetings have been established at each operational site and are held regularly to facilitate discussion and two-way communication on labor-related issues. Since its establishment, the Company has maintained a harmonious labor-management relationship and has actively promoted open and two-way communication channels. There have been no major labor disputes or related losses to date.

- (II) Losses Incurred Due to Labor Disputes in the Most Recent Year and Up to the Publication Date of This Annual Report (including violations of the Labor Standards Act identified through labor inspections, specifying the date and number of the penalty, the articles of the regulations violated, the content of the violation, and the content of the penalty), and disclosure of the estimated current and future potential amounts and corresponding measures. If a reasonable estimate cannot be made, the fact that a reasonable estimate cannot be made should be explained: None.

VI. Information Security Management

- (I) Description of the Information Security Risk Management Framework, Information Security Policies, Specific Management Measures, and Resources Invested in Information Security Management:

1. Information Security Risk Management Framework:

The Company has established an IT Department along with designated information security officers and personnel responsible for promoting information security policies and handling related matters.

2. Information Security Policy:

To ensure the stable operation of the Company's IT infrastructure, systems, and networks, and to safeguard the integrity of company data and prevent confidential information leaks. Employees are required to sign confidentiality agreements, and awareness of information security and confidentiality is actively promoted.

3. Specific Management Measures and Resources Invested in Information Security Management:

- (1) Access permissions are assigned based on departmental functions and job levels. Any changes in access rights require formal application and approval by authorized supervisors. User accounts and passwords are strictly managed.
- (2) Access control is enforced for IT equipment rooms. Backup servers and off-site data backups, including offline backups, are in place. Regular disaster recovery drills are conducted to ensure prompt response when needed.
- (3) Antivirus software and virus definitions are regularly updated. Firewalls are configured to monitor and manage external network risks.
- (4) Employees are regularly educated on real-world cases of cyber fraud, malicious emails, and phishing attempts to prevent unintentional incidents.
- (5) The Company collaborates with information security vendors to routinely review security bulletins and weekly reports and promptly address any identified vulnerabilities.
- (6) When disposing of computers, the hard drive controller board is removed and destroyed, and the disk platters inside the hard drive are scratched and discarded separately to prevent data leakage.
- (7) All employees are required to comply with relevant laws and enhance their awareness of information security.
- (8) Auditors conduct annual evaluations to verify compliance with information security regulations and practices.

(II) Disclosure of any losses, potential impacts, and response measures arising from major information and cybersecurity incidents during the most recent fiscal year and up to the publication date of the Annual Report. If such losses cannot be reasonably estimated, the reason shall be stated: None.

VII. Important Contracts

Nature of contract	Contract party	Contract Start and End Dates	Main content	Restriction clause
Construction Contract	Green Field Construction Co., Ltd.	2023.3.10 (Note)	Plant construction	None
Land Sale and Purchase Agreement	Tainan City Government	2020.10.13 – 2025.10.01	Sinji Industrial Park Land	Plant registration/Business registration must be completed within three years from the day following the handover date of October 13, 2020. Failure to comply will result in forfeiture of the security deposit. An extension has been approved by the Tainan City Government until October 1, 2025.
Construction Contract	Green Field Construction Co., Ltd.	2023.3.10 - Approval Date by the Competent Authority	Plant construction	None
Lease contract	Taipei Fubon Commercial Bank Co., Ltd.	2021.12.13 – 2027.12.12	Lease of the 3rd Floor at No. 358, Section 1, Dongmen Road	None
Bank financing contract	Taipei Fubon Commercial Bank Co., Ltd.	2020.11.30 – 2034.5.24	Long-term borrowings	None
Bank financing contract	Taipei Fubon Commercial Bank Co., Ltd.	2021.5.24 – 2026.5.24	Long-term borrowings	None
Bank financing contract	Mega International Commercial Bank	2024.12.03 – 2025.12.02	Short-term borrowings	None

Note: In accordance with the construction contract terms, the contract completion date is calculated based on the date of approval.

Five. Analysis of Financial Condition, Financial Performance, and Risk Factors

I. Financial Condition

Explanation of major changes in the Company's assets, liabilities, and equity over the past two fiscal years, their impact, and future response plans.

1. Financial Condition – IFRS (Consolidated)

Unit: NT\$ thousands; %

Accounting item \ Year	2023	2024	Changes	
	Amount	Amount	Amount	%
Total current assets	1,301,346	1,193,590	(107,756)	(8.28)
Total non-current assets	687,853	755,399	67,546	9.82
Total assets	1,989,199	1,948,989	(40,210)	(2.02)
Total current liabilities	630,833	441,078	(189,755)	(30.08)
Total non-current liabilities	168,280	190,998	22,718	13.50
Total liabilities	799,113	632,076	(167,037)	(20.90)
Common stock capital	408,965	408,965	0	0.00
Capital surplus	208,418	208,418	0	0.00
Legal reserve	90,234	111,140	20,905	23.17
Special reserve	-	93	93	100.00
Undistributed earnings	482,562	587,393	104,924	21.74
Total retained earnings	572,796	698,626	125,829	21.97
Exchange differences on translation of financial statements of foreign operations	(93)	904	997	(1,072.04)
Non-controlling interests	0	0	0	0.00
Total equity	1,190,086	1,316,913	126,827	10.66
Total liabilities and equity	1,989,199	1,948,989	(40,210)	(2.02)

Explanation of Analysis of Changes in Percentage and Amount: (Changes exceeding 20% and an amount of NT\$10,000 thousand or more)

Regarding significant changes in various financial conditions in 2024, explanations are provided below:

1. Decrease in current assets: Mainly due to repayment of bank borrowings.
2. Increase in Legal Reserve: This is primarily due to the increase in net profit in 2023, leading to a corresponding increase in the appropriation of the legal reserve.
3. Increase in Unappropriated Retained Earnings: This is mainly due to the Company's stable operations, continued profitability, and the increase in net profit, resulting in higher reserves and retained earnings in 2024.
4. Increase in Retained Earnings: This is primarily due to the increased appropriation of the legal reserve and continued profit growth.

II. Financial Performance

Explanation of significant changes in operating revenue, operating profit, and profit before tax over the past two fiscal years, including the main reasons, projected sales volumes and their basis, the potential impact on the Company's future financial and business performance, and corresponding response plans.

1. Analysis of Operating Results – IFRS (Consolidated)

Unit: NT\$ thousands; %

Accounting item \ Year	2023	2024	Changes	
	Amount	Amount	Amount	%
Operating revenue	2,284,597	2,408,468	123,871	5.42
Operating cost	1,826,522	1,923,742	97,220	5.32
Gross operating profit	458,075	484,726	26,651	5.82
Marketing expenses	144,840	157,876	13,036	9.00
Administrative expenses	66,681	82,139	15,458	23.18
R&D expenses	11,583	11,547	(36)	(0.31)
Expected credit impairment gain (loss)	5,822	3,355	(2,467)	(42.37)
Total operating expenses	228,926	254,917	25,991	11.35
Operating profit	229,149	229,809	660	0.29
Other income	30,470	30,871	401	1.32
Other gains and losses	19,080	51,935	32,855	172.20
Financial cost	(8,475)	(3,679)	4,796	(56.59)
Total non-operating income and expenses	41,075	79,127	38,052	92.64
Net profit before tax	270,224	308,936	38,712	14.33
Income tax expense	59,789	60,417	628	1.05
Net income for the period	210,435	248,519	38,084	18.10
<u>Explanation of Analysis of Changes in Percentage and Amount: (Changes exceeding 20% and an amount of NT\$10,000 thousand or more)</u>				
1. Increase in management expenses: Mainly due to the increase in profits resulting in increased year-end bonus and employee remuneration expenses year-on-year, and the increase in service expenses required for the listing on the Taipei Exchange.				
2. Increase in Other Gains and Losses: Mainly due to a reduction in foreign exchange losses.				
3. Increase in Total Non-operating Income and Expenses: Also mainly due to a decrease in foreign exchange losses.				

2. Projected Sales Volume and Basis, Potential Impact on the Company's Future Financial and Business Performance, and Response Plans: The Company has not prepared financial forecasts and, as there are no significant irregularities, no response plan has been formulated.

III. Cash Flow

1. Analysis of Cash Flow Changes in the Most Recent Year

Unit: NT\$ thousands

Item \ Year	2023	2024	Changes
	Amount	Amount	Amount
Operating activities	329,492	186,246	(143,246)
Investing activities	199,933	209,368	9,435
Financing activities	(421,965)	(313,507)	108,458
Effect of exchange rate changes on cash and cash equivalents	(525)	984	1,509
Net cash (outflow) inflow	106,935	83,091	(23,844)

Analysis of Cash Flow Changes:

- Operating activities: mainly due to the increase in revenue and the simultaneous increase in accounts receivable/inventory/accounts payable, resulting in the decrease in cash inflow from operating activities in 2024.
- Investing activities: The cash inflow from investing activities increased mainly due to the decrease in time deposits with banks.
- Financing activities: mainly due to the decrease in bank financing, resulting in a decrease in cash inflow from financing activities.

- Improvement Plan for Insufficient Liquidity: The Company does not have a cash shortage and there is no concern of insufficient liquidity.

3. Liquidity Analysis for the Coming Year

Unit: NT\$ thousands

Beginning Cash Balance (1)	Estimated Net Cash Flow from Operating Activities for the Year (2)	Estimated Net Cash Flow from Investing Activities for the Year (3)	Estimated Net Cash Flow from Financing Activities for the Year (4)	Estimated Cash Surplus (Shortfall) (5)=(1)+(2)+(3)+(4)	Remediation measures against expected cash flow deficit	
					Investment Plan	Financial Plan
496,870	190,019	(238,350)	87,224	535,763	—	—

(1) Analysis of Cash Flow Changes for the Coming Year

- Operating activities: As the scale of the Company will continue to grow, it is expected that the operating revenue and profit will increase at the same time, resulting in a net cash inflow.
 - Investing and financing activities: Net cash outflow mainly due to purchase of machinery and equipment.
- (2) Contingency Measures for Expected Cash Shortfalls and Liquidity Analysis: The Company has not faced any risk of cash flow shortfalls in the most recent year.

IV. Impact of Major Capital Expenditures in the Most Recent Year on Financial and Business Operations

1. Utilization and Funding of Major Capital Expenditures:

The Company's major capital expenditures in 2024 were due to the mid- and long-term financing from banks for future operations for the purchase of office equipment and machinery and equipment, etc. The total amount was NT\$79,344 thousand.

2. Expected Benefits:

These investments are expected to contribute positively to the Company's revenue and profitability. The related funding was provided through a combination of internal funds and bank financing.

V. Investment Policy in the Most Recent Year, Reasons for Profit or Loss, Improvement Plans, and Investment Plans for the Coming Year:

1. Investment Policy:

The Company's investment policy is based on supporting the development needs of its core business and pursuing long-term strategic investments, rather than short-term financial gains. All investment activities are carried out in accordance with internal control procedures, including the "Investment Cycle" and the "Procedures for Acquisition or Disposal of Assets." Investment plans are carefully evaluated in light of changes and challenges in the business environment to ensure stable overall operations and to enhance investment returns, thereby increasing shareholder equity.

2. Main Reasons for Investment Gains or Losses in the Most Recent Year and Improvement Plans:

Unit: NT\$ thousands; USD\$ thousands

Name of Investee	Original investment amount	Recognized Investment Gains or Losses in 2024	Main Reason for Profit or Loss	Improvement plan
BCR INC.	63,188	5,420	Stable revenue.	None
Suzhou Youlian Trading Co., LTD.	17,906 USD 547	2,588	Stable revenue.	None

VI. Risk Factor Analysis and Assessment:

1. Impact of Interest Rate, Exchange Rate, and Inflation Fluctuations on the Company's Profit and Loss, and Future Response Measures:

(III) Impact of Interest Rate Fluctuations

In 2023 and 2024, the Company and its subsidiaries recorded interest income of NT\$19,091 thousand and NT\$19,142 thousand, accounting for 0.84% and 0.79% of net operating revenue, respectively. Interest expenses were NT\$8,475 thousand and NT\$3,679 thousand, accounting for 0.37% and 0.15% of net operating revenue, respectively. Overall, the ratios of interest income and interest expenses to net operating revenue in 2023 and 2024 were relatively low. Therefore, changes in market interest rates did not have a significant impact on the Company's financial or business condition.

(IV) Impact of Exchange Rate Fluctuations

In 2023 and 2024, the Company and its subsidiaries recorded foreign exchange gains (losses) of NT\$12,445 thousand and NT\$47,577 thousand, representing approximately 0.54% and 1.98% of the Company's net operating revenue, respectively. Therefore, exchange rate fluctuations did not have a material impact on the Company's operations. The foreign exchange gains (losses) in 2023 and 2024 were primarily due to fluctuations in the value of the U.S. dollar.

(V) Inflation

The Company adjusts its product pricing flexibly based on changes in raw material market prices. Therefore, inflation has not had a significant impact on the Company's operations. The Company also closely monitors market price fluctuations and maintains strong relationships with both suppliers and customers. This allows timely responses to changes in upstream raw material costs and enables the Company to adjust selling prices accordingly, thereby reducing the risk of inflation-induced cost impacts on profitability.

2. Policies, Profit or Loss Drivers, and Future Response Measures Regarding High-Risk, High-Leverage Investments, Loans to Others, Endorsements and Guarantees, and Derivatives Trading:

The Company remains focused on its core business operations. As of the publication date of this Annual Report, the Company has not engaged in any high-risk or high-leverage investments, loans to others, endorsements or guarantees, or derivative transactions. Therefore, no material risk has been incurred in relation to such activities. In the event that future business development or hedging needs give rise to requirements for endorsements and guarantees, lending of funds to others, or transactions involving derivative financial instruments, the Company will act in accordance with its established internal procedures, including the "Procedures for Acquisition or Disposal of Assets" (which include the assessment and operating procedures for derivative transactions), the "Operational Procedures for Loaning Funds to Others," and the "Operational Procedures for Endorsements/Guarantees," as the basis for compliance in undertaking such activities.

3. Future R&D Plans and Estimated R&D Expenditures:

In addition to facing numerous domestic competitors, the Company is also confronted with aggressive low-price competition from manufacturers in mainland China, which has impacted product pricing and gross margins. Going forward, in addition to developing automotive components and fasteners for a wider range of applications, the Company's R&D efforts will focus on high-technical barrier products with the aim of enhancing profitability through the introduction of new products.

- (1) Design patented screws to reduce manufacturing costs and increase market share and profitability.
- (2) Continue the development of multifunctional screws.
- (3) Integrate smart technologies and promote Industry 4.0 initiatives. Building a smart factory will enhance production efficiency in response to diverse and rapidly changing product specifications demanded by current customers. The ratio of R&D expenditures to net operating revenue for 2023 and 2024 has shown year-on-year growth, ranging approximately between 0.48% and 0.51%. Looking ahead, the Company will continue to focus on enhancing production technologies, optimizing equipment, improving product yield, and increasing production efficiency. Related R&D expenditures will be recognized based on the actual level of future development activities.

4. Impact of Major Domestic and International Policy and Legal Changes on the Company's Financial and Business Operations, and Corresponding Response Measures:

The Company and its subsidiaries conduct daily operations in compliance with applicable domestic and international laws and regulations. Relevant departments closely monitor significant policy and legal developments and make timely adjustments to internal systems and business activities to ensure smooth operations. As of the most recent year and up to the publication date of this Annual Report, there have been no material impacts on the Company's financial or business operations resulting from major domestic or international policy or legal changes.

5. Impact of Technological Changes (Including Information Security Risks) and Industry Developments on the Company's Financial and Business Operations, and Corresponding Response Measures:

The Company continuously monitors technological advancements and developments relevant to its industry and responds swiftly to market information. Looking ahead, the Company will actively expand into related application markets. As of the most recent year and up to the publication date of this Annual Report, technological changes and industry developments have not had a material impact on the Company's financial or business operations.

6. Impact of Corporate Image Changes on Corporate Crisis Management and Corresponding Response Measures:

Since its establishment, the Company has actively strengthened its internal management and continuously enhanced various managerial capabilities. Internally, the Company upholds a people-oriented management philosophy by providing a challenging and supportive learning environment to help employees realize their potential and foster overall organizational growth, thereby attracting top talent. Externally, the Company maintains strong partnership-based relationships with suppliers and customers, while also fulfilling its corporate social responsibility to society. The Company also adheres to its quality policy of technological innovation, product stability, operational efficiency, and customer satisfaction, continuously encouraging internal accountability and execution. As a result, in the most recent year and up to the publication date of this Annual Report, there have been no changes in corporate image that have led to crisis management situations.

7. Expected Benefits, Potential Risks, and Response Measures for Mergers and Acquisitions: The Company currently has no plans for mergers or acquisitions.

8. Expected Benefits, Potential Risks, and Response Measures for Plant Expansion:

Due to continued growth in customer order demand, the Company, following a comprehensive evaluation, purchased 4,056 pings of land in the Sinji Industrial Park from the Tainan City Government in June 2020, with plans to establish a second manufacturing site for screw production. The Company is pursuing plant and capacity expansion in a phased manner, aligned with its financial capability and under minimal risk. This approach supports both stable corporate growth and the ability to meet customer capacity requirements, contributing positively to the Company's operations and financial performance.

9. Risks and Response Measures Related to Concentration of Procurement or Sales:

(1) Procurement

The Company has maintained long-term, stable, and mutually supportive relationships with its suppliers. In the event that a supplier is unable to provide a stable supply or meet delivery schedules, the Company will seek alternative vendors or suitable substitute materials. As such, in the past three years and the most recent period, the Company has not experienced any significant supply

shortages or disruptions. In the most recent year, no single supplier accounted for more than 20% of the Company's total procurement, indicating that the Company's sources of supply remain well-diversified and are not subject to procurement concentration risk. The Company continues to maintain sound and stable cooperative relationships with its suppliers to ensure a steady supply of key raw materials. In addition, it maintains an appropriate level of inventory to mitigate the risk of supply shortages or disruptions.

(2) Sales

The Company's sales are primarily export-oriented, with the Americas being the main market, followed by Europe. In the most recent fiscal year, no single customer accounted for more than 20% of the Company's total sales, indicating that the Company's customer base remains well-diversified and is not subject to sales concentration risk. The Company continues to actively develop new products and customers, which is expected to gradually reduce its reliance on any single customer.

10. Impact, Risks, and Response Measures Related to Major Transfers or Changes in Shareholdings by Directors, Supervisors, or Major Shareholders Holding More Than 10%: For the most recent year and up to the publication date of this Annual Report, the transfers of the Company's shares by directors, supervisors, and major shareholders holding more than 10% of the shares has primarily been for personal financial planning purposes and to comply with share distribution requirements for the Company's planned TPEx listing. Such transfers are not expected to have any material impact or pose significant risks to the Company.
11. Impact, Risks, and Response Measures Related to Changes in Management Control: During the most recent fiscal year and up to the publication date of this Annual Report, there have been no changes in the Company's management control.
12. Litigation and Non-Litigation Matters:
 - (1) Any litigation, non-litigation, or administrative proceedings that have been concluded by final judgment or are still pending during the past two years and up to the publication date of this Annual Report, and which may materially affect shareholders' equity or the market price of the Company's securities, including the underlying facts, claim amount, commencement date, principal parties involved, and current status: None.
 - (2) Any litigation, non-litigation, or administrative proceedings involving the Company's directors, supervisors, president, de facto responsible persons, major shareholders holding more than 10% of shares, or subsidiaries during the past two fiscal years and up to the publication date of this Annual Report, the outcome of which may materially affect shareholders' equity or the market price of the Company's securities: None.
 - (3) Any violation of Article 157 of the Securities and Exchange Act by directors, supervisors, managerial officers, or major shareholders holding more than 10% of shares during the past two years and up to the publication date of this Annual Report, and the current status of such cases: None.

- (4) If the Company's directors, supervisors, managerial officers and major shareholders holding more than 10% of the shares have encountered financial difficulties or loss of credit in the last two years and up to the publication date of this Annual Report, their responses shall be stated Impact on the Company's financial position: No such situation.

13. Other material risks and response measures: None.

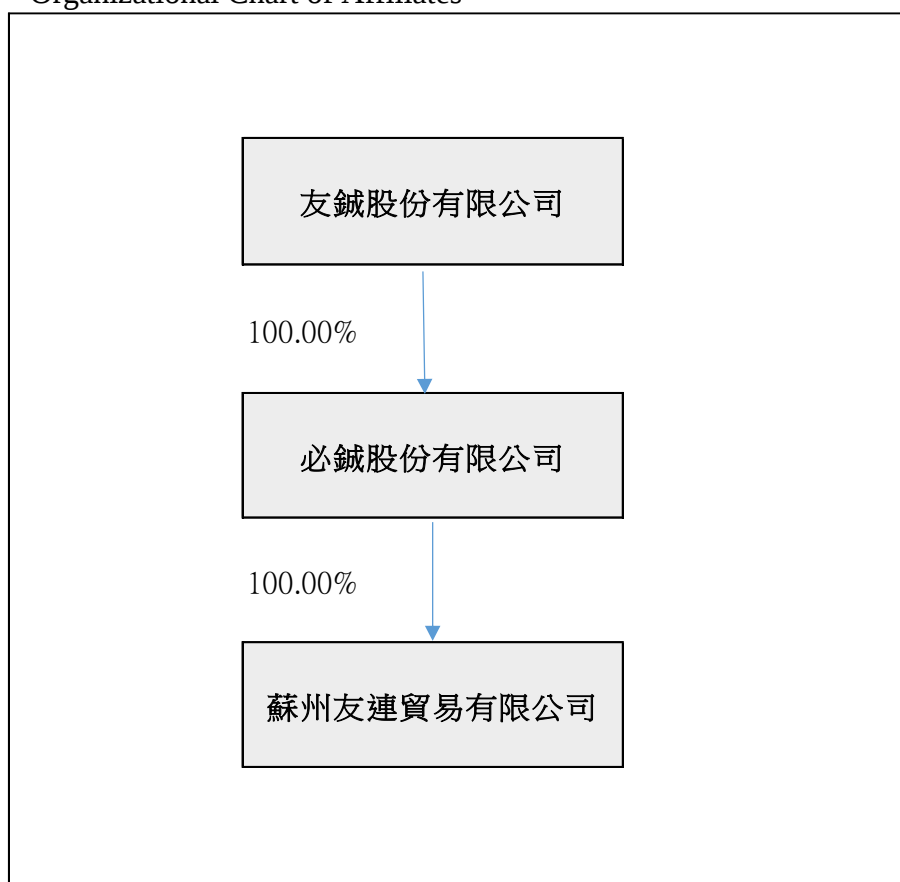
VII. Other significant matters: None.

Six. Special Notes

I. Affiliate Information:

(I) Consolidated Business Report of Affiliates

1. Organizational Chart of Affiliates



2. Basic Information of Each Affiliate

Unit: NT\$ thousand

Enterprise name	Date of Establishment	Country	Paid-up capital	Main Business or Production Activities
BCR INC.	2000.11.17	Taiwan	30,000	Wholesale of metalware and international trading
Suzhou Youlian Trading Co., LTD.	2012.08.23	China	USD 250	Wholesale of fasteners and spare parts/accessories

3. Information on common shareholders presumed to indicate control or subordinate relationships: None.

4. Industries covered by the overall operations of the affiliates: SPEC Products and its affiliates are primarily engaged in the manufacturing and trading of automotive, construction, and machinery components, as well as screws.

5. Information on Directors, Supervisors, and President of Affiliates

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding ratio %
BCR INC.	Chairman	SPEC Products Corp. (Representatives: Chang, Hung-Cheng; Lin, Chi-Sheng; Chang, Tung-Ching)	3,000	100%
	President	Lin, Chi-Sheng		

Enterprise name	Title	Name or representative	Shareholding	
			Number of shares (thousand shares)	Shareholding ratio %
Suzhou Youlian Trading Co., LTD.	Chairman Supervisor President	BCR Inc.(Representative: Chang, Tse-Hao) BCR Inc.(Representative: Chang, Tse-Hsi) Chang, Tse-Hao		100%

6. Overview of Affiliate Operations

December 31, 2024; Unit: NT\$ thousands

Enterprise name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating profit	Net Profit for the Period (After Tax)	Earnings per share (NT\$) (After Tax)
BCR INC.	30,000	120,614	47,161	73,453	169,929	2,065	5,420	1.81
Suzhou Youlian Trading Co., LTD.	7,058	41,858	10,250	31,608	38,287	1,914	2,588	-

(II) Consolidated Business Report and Consolidated Financial Statements of Affiliates: For 2024 (January 1 to December 31), the companies required to be included in the preparation of consolidated financial statements under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are identical to those required to be included under IFRS 10 for parent-subsidiary consolidated financial statements. Since the information required to be disclosed in the consolidated financial statements of affiliates is already included in the aforementioned parent-subsidiary consolidated financial statements, separate consolidated financial statements for affiliates have not been prepared.

(III) Affiliation Report: Not applicable.

- II. Private Placement of Securities in the Most Recent Year and Up to the Publication Date of this Annual Report: None.
- III. Subsidiary Holdings or Disposals of the Company's Shares During the Most Recent Year and Up to the Publication Date of This Annual Report: None.
- IV. Other Necessary Supplementary Information: None.

SPEC Products Corp.
Chairperson: Chang, Hong-Cheng