Stock Code:1541

Annual report available at: http://mops.twse.com.tw/

錩泰工業股份有限公司

CHANG TYPE INDUSTRIAL CO., LTD.

Annual Report

2024

Printed on 15 May 2025

I. The spokesperson and deputy spokesperson of the Company:

Spokesperson:		Deputy Spokesperson:	
Name	CHANG, CHIN-HUA	Name	LIN, MEI-JYUN
Title	Finance manager	Title	Audit supervisor
Tel	04-25580669 ext. 1310	Tel	04-25580669 ext. 1312
E-mail	jack@mail.toty.com.tw	E-mail	joanne0121@mail.toty.com.tw

2. Address and contact number of the headquarters, branches and plant:

No. 41, Nancun Rd., Houli Dist., Taichung City

Tel: (04)25580669 Fax: (04)25574960

3. Stock transfer agent

Name: Transfer agency department, Taishin Securities Co., Ltd. Stock

Address: B1F., No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City

Tel: (02) 2504-8125

Website: https://www.tssco.com.tw/

4. CPAs:

CPAs: LO, WEN-CHEN, HUANG, YU-TING

Name of the Accounting Firm: EY Taiwan

Address: 26F., No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung City

Tel: (04) 2259-8999

Website: http://www.ey.com/tw

5. Overseas Securities Exchange: None.

6. Corporate Website:

https://www.changtype.com/

Contents

I. Letter to Shareholders

2024 Business Report

The consolidated revenue for 2024 was NT$2,988 million, representing a decline of 11.5%; the profit was NTD84 million and the EPS was NTD1.06, representing a decline of 27.3%. Under the influence of various adverse factors such as high inventory levels among distributors, global challenges including war, inflation and consumer demand has sharply declined, resulting in a decrease in revenue and profits.

The following is a report on the Company's consolidated results of operations for 2024 and business plan for 2024.

I. Consolidated Results of Operations for 2024

(I) The Outcome of Business Plan Implementation

Due to customers' continued efforts to deplete long-standing inventories and the persistent impact of high inflation, consumer demand declined. Except for a brief rebound in sales during the first quarter, revenue decreased in the second to fourth quarters as a result of weakened demand. In response, the Company expanded into new chain distribution channels and launched several entry-level products to support revenue. In addition, operational expenses were tightly controlled, and employees were encouraged to take leave to adapt to market changes. Consolidated revenue has decreased by 11.5% to NT$2,988 million compared to last year

In the current period, due to continued declines in sales orders and a 3% reduction in selling prices to major customers, product gross profit decreased by 26% compared to the previous period, and the gross profit margin declined by 3%. Operating expenses increased by NT$116 million, representing a 31% rise, primarily due to legal fees related to structural patent disputes on certain products, increased costs for product display samples to support new distribution channels, higher provisions for bad debts, and increased warranty expenses. As a result, operating loss increased by 101% to NT$1.52 million.

Non-operating net income amounted to NT$99 million, primarily driven by foreign exchange gains of NT$89 million resulting from currency depreciation, representing an increase of NT$84 million. In addition, mold service income rose by NT$5 million to NT$17 million, while interest expenses related to financing and leasing declined by NT$3 million to NT$19 million. In contrast, during the previous year, the Company incurred a compensation expense of NT$145 million due to defective OEM components. Overall, non-operating net income increased by NT$239 million compared to the previous period.

Consequently, the net profit before tax for the period is NTD98 million, representing a decrease of NT$48 million or 32.9% compared to NT$146 million in the previous period.

(II) Analysis of Receipts, Expenditures and Profitability

1. Analysis of Receipts and Expenditures

Consolidated Financial Statements			Unit: NTD (in thousands)	
Item	2024	2023	Increase (Decrease)	
			Amount	%
Operating revenue	2,988,448	3,378,030	(389,582)	(11.5)
Gross profit	492,063	662,828	(170,765)	(25.8)
Operating Income	-1,519	285,183	(286,702)	(100.5)
Net profit before tax	98,404	146,179	(47,775)	(32.7)
Net profit after tax	83,704	115,190	(31,486)	(27.3)
Earnings per Share (NTD)	1.06	1.46	(0.40)	(27.4)

Parent Company only Financial Statements			Unit: NTD (in thousands)	
Item	2024	2023	Increase (Decrease)	
			Amount	%
Operating revenue	2,345,995	3,015,023	(669,028)	(22.2)
Gross profit	284,816	450,484	(165,668)	(36.8)
Operating Income	51,752	302,398	(250,646)	(82.9)
Net profit before tax	114,471	157,561	(43,090)	(27.3)
Net profit after tax	83,704	115,190	(31,486)	(27.3)
Earnings per Share (NTD)	1.06	1.46	(0.40)	(27.4)

2. Profitability

Consolidated Financial Statements				
Item			2024	2023
Profitability	Return on Assets (%)		2.78	3.42
	Return on Equity (%)		4.29	6.08
	Capital Adequacy Rate (%)	Operating Income	(0.19)	36.19
		Net Profit Before Tax	12.49	18.55
	Net Profit Margin(%)		2.80	3.41
	Earnings per Share (NTD)		1.06	1.46

Parent Company Only Financial Statements				
Item			2024	2023
Profitability	Return on Assets (%)		2.83	3.53
	Return on Equity (%)		4.29	6.08
	Capital Adequacy Rate (%)	Operating Income	6.57	38.38
		Net Profit Before Tax	14.53	20.00
	Net Profit Margin(%)		3.57	3.82
	Earnings per Share (NTD)		1.06	1.46

3. Budget Implementation in 2024:

The Company has not prepared a financial forecast for 2024. Due to patent disputes related to certain structural components of table saws, legal expenses increased. In addition, expenses related to product display samples rose as the Company expanded into new distribution channels. As a result, the expense ratio reached 16.5%, exceeding the target control threshold of 10%.

(III) Research and Development Condition

In 2024, the company has invested NT$27,846 thousand in new product development, representing 1.0% of net revenue, and will continue to launch multiple updated models for sale in 2025.

II. Business Plan Summary for 2025

1. Business Policy

With the business philosophy of "Innovation, Efficiency, Quality, and Service", we aim to provide products and services to our customers at the lowest possible cost, while creating advantages through attractive pricing, high quality, convenience, and other desirable features.

2. Business Plan

(1) Strengthening vertical integration of production to enhance competitiveness.

(2) Establishing core values to strengthen and enhance business performance.

3. Business objectives

In 2025, the Company plans to enhance the competitiveness of its entry-level products in response to inflation-affected market conditions and to expand sales through new distribution channels in the U.S. market, with the aim of driving revenue growth, with the main sources of revenue coming from various types of circular saws, table saws, and other major products. In addition to cooperating with top international brands for OEM services, the company will continue to expand our own brand business. With the introduction of new product models and the strengthening of vertical integration of production, it is expected that both revenue and profits will continue to grow steadily.

4. Research and development plan

We will expand our product portfolio by venturing into new areas of OEM, brand product line development, brushless motor and control research and development, and the development of diversified tools. Despite the challenges posed by the difficult business environment, the company will continue to pursue steady and sustainable growth through a series of strategic measures and initiatives.

5. Expected Sales Volume: 550,000 units of electric tools and 595,000 units of components (parent company only information).

III. The Effect of External Competition, the Legal Environment, and the Overall Business Environment

1. External Competition Environment: Industry competition is inevitable and remains in a benign interaction. The company continues to strengthen the competitive advantage, enhance core R&D technologies to meet consumer demand with stable product quality.
2. Legal Environment: All of the company's products are designed and developed while considering the regulations of each country and complying with their standards. The company will continue to monitor, update, and comply with possible changes in legal regulations in the future to ensure the maximum interests of the shareholders.
3. Overall Business Environment: Given the complex overall business environment, the company will consider the industry overview and observe the general economic trend when evaluating investments and business policies. Regarding the new tariff and income tax policies to be implemented by the new U.S. administration, the Company is not affected, as it does not have manufacturing facilities in China, Mexico, or the United States.With regards to the impact of the US consumer market, which is experiencing reduced demand due to pressures from destocking and the slowdown caused by the COVID-19 pandemic, as well as the impact of high inflation and recession, the company will adopt strategies such as curtailing operating expenses to cope with the situation.

Wishing all of our esteemed shareholders all the best.

CHANG TYPE INDUSTRIAL CO., LTD

Chairman: CHANG, CHIN-CHIN

President: CHANG, CHIN-CHIN

Accounting supervisor: CHANG, CHIN-HUA

II. Directors, Supervisors, Presidents, Vice Presidents, Assistant Managers and Management Teams

(I)Directors and Supervisors

1.Profile of directors

8 April 2025

Title	Natior y or pl of registr n	Name	Gender Age	Date of office	Tenure	Date of the first term of office	Quantity of shares held at the time of elected to office		Quantity of shares currently held		Shares held by spouse and underage children		Shares held in the name of a third party		Major work experience (education)	Concurrent positions with the Company and other companies	Concurrent positions with the Company and other companies			Remark
							Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding	Quantity of shares	Proportion of shareholding			Title	Name	Relation	
Chairman	R.O.C	CHANG, CHIN-CHIN	M 69	27 June 2022	3 years	April 1989	18,080,201	22.94	18,080,201	22.94	11,549,766	14.66	-	-	Master's degree, International Business, National Taiwan University. Chung Yuan Christian University	President of the Company	Director	CHANG, HSIANG-I	Father & daughter	The reason why the Chairman and the President are the same person: Efficiency and decision-making
Director	R.O.C	CHANG, HSIANG-I	F 44	27 June 2022	3 years	27 June 2022	7,172,569	9.10	7,090,569	9.00	-	-	-	-	Marketing, Indiana University, USA	Business president of the Company	Chairman	CHANG, CHIN-CHIN	Father & daughter	
Director	R.O.C	LUO,SHU-DUAN	F 61	27 June 2022	3 years	15 June 2007	22,400	0.03	22,400	0.03	-	-	-	-	National Taichung University of Science and Technology Supervisor, Chang Type Industrial CO., Ltd.	-	-	-	-	
Independent Director	R.O.C	CHEN, YONG-YAO	M 65	27 June 2022	3 years	28 June 2019	-	-	-	-	-	-	-	-	Ph.D., University of California, Berkeley, Computer and Electrical Engineering Department.	Professor of Electrical Engineering Department, National Taiwan	-	-	-	

															Electrical Engineering Department, Associate Professor, Professor and Vice Dean of Electrical Engineering Department, National Taiwan University.	University.				
Independent Director	R.O.C	LIN, HSIU-MEI	F 72	27 June 2022	3 years	15 June 2001	1,225	0.00	1,225	0.00	-	-	-	-	Taichung Home Economics and Commercial High School ELECTRO SCIENTIFIC INDUSTRIES, INC. TAIWAN BRANCH (U.S.A.)	President, Fubon Life	-	-	-	
Independent Director	R.O.C	KO, CHEN-EN	M 73	27 June 2022	3 years	27 June 2022	-	-	-	-	-	-	-	-	Ph.D., Accounting, University of Minnesota	Professor Emeritus, National Taiwan University Chairman, Taiwan Corporate Governance Association	-	-	-	
Independent Director	R.O.C	WANG, MING-JHIH	M 57	27 June 2022	3 years	27 June 2022	-	-	-	-	-	-	-	-	Master, EMBA, Department of Finance, National Chung Hsing University Director, China Investment Securities (Hong Kong) Vice president, Yuanta Asset Management Sales Manager, Yuanta Securities	-	-	-	-	

2．Dominant shareholders of institutional shareholders

8 April 2025

Name of institutional shareholder	Dominant shareholders of institutional shareholders
None	None

3. Professional qualifications and independence of the Directors

<table>
<tr><th>Condition
Name</th><th>Professional Qualifications and Experience</th><th>Independent Status</th><th>Number of independent directors of other public companies</th></tr>
<tr><td>Chairman:
CHANG, CHIN-CHIN</td><td rowspan="6">1. Please refer to “II, (1) Profile of directors" (Page 7) of this annual report.
2. None of the Company’s directors is subject to any of the circumstances specified under Article 30 of the Company Act</td><td colspan="2" rowspan="3">N/A</td></tr>
<tr><td>Director:
CHANG, HSIANG-I</td></tr>
<tr><td>Director:
LUO, SHU-DUAN</td></tr>
<tr><td>Independent Director:
KO, CHEN-EN</td><td rowspan="3">The individual serves as an Independent Director and meets the independence requirements set forth in Article 14-2 of the Securities and Exchange Act and the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note), including but not limited to the following:
1. None of the individual, their spouse, nor relatives within the second degree of kinship (including those holding shares under another’s name) holds any shares of the Company.
2. In the past two years, the individual has not received any compensation for providing business, legal, financial, or accounting services to the Company or any of its affiliates.</td><td>1</td></tr>
<tr><td>Independent Director:
WANG, MING-JHIH</td><td>0</td></tr>
<tr><td>Independent Director:
CHEN, YONG-YAO</td><td>0</td></tr>
</table>

Independent Director: LIN, HSIU-MEI		The individual serves as an Independent Director and meets the independence requirements set forth in Article 14-2 of the Securities and Exchange Act and the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note), including but not limited to the following: 1. The individual, the individual’s spouse, and relatives within the second degree of kinship (including those holding shares under the name of another person) hold a total of 1,225 shares of the Company, representing less than 1% of total outstanding shares, and thus remain in compliance with the independence requirements for independent directors. 2. In the past two years, the individual has not received any compensation for providing business, legal, financial, or accounting services to the Company or any of its affiliates.	

Note: 1. Not a government agency, legal entity, or representative thereof as defined under Article 27 of the Company Act.
2. Concurrently serves as an Independent Director in no more than three other public companies.
3. None of the following circumstances has applied to the individual in the two years preceding the appointment or during the term of service:
(1) Employment by the Company or any of its affiliates.
(2) Serving as an director or supervisor of the Company or its affiliated companies (except if the company and its parent company, subsidiaries or subsidiaries of the same parent company have the same independent directors established in accordance with this Act or the laws of the local country, where the restriction does not apply).
(3) Individual shareholders who themselves and their spouses, minor children or on behalf of other natural person shareholders hold more than 1% of the company's total issued shares or hold the top ten number of shares.
(4) The spouses, relatives within the second degree of kinship or lineal blood relatives within the third degree of kinship of the managers listed in (1) or the people listed in (2) and (3).
(5) Directors, supervisors, or employees of corporate shareholders who directly hold more than 5% of the Company's total issued shares, whose ownership are among the top five shareholdings, or who are designate a representative to serve as a director of the company in accordance with Article 27 of the Company Act.
(6) Directors, supervisors or employees of other companies whose seats are the same as the company's directors or more than half of the shares with voting rights are controlled by the same person.
(7) Director (council), supervisor (supervisor) or employee of another company or institution is the same person or spouse as the chairman, president or equivalent position of the company.
(8) A director (council), supervisor, manager or shareholder holding more than 5% of the shares of a specific company or organization with which the company has financial or business dealings.
(9) A professional, sole proprietorship, partnership, company or institution business owners who are professionals who provide audits for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services, partners, directors (council), supervisors (supervisors), managers and their spouses. However, this does not apply to the members of the Remuneration Committee.

3. The diversity, independence, and objectives of the Board:

(1) The diversity and independence policy of the Board

The Company has established the “Rules of Procedure for Board of Directors Meetings” and the “Corporate Governance Best Practice Principles” as the basis for directors to fulfill their duties and for conducting meetings. Senior management is required to report to the Board on the Company's operating performance, implementation of ethical business practices, promotion of corporate social responsibility, and other corporate governance initiatives and outcomes. These serve as references for the Board in providing management advice. To ensure board independence and diversity, more than half of the board seats must not be occupied by individuals who are spouses or relatives within the second degree of kinship. In addition, if any director or the legal entity they represent has a conflict of interest in relation to a board agenda item, they must disclose the material details of such conflict at the meeting. If the conflict may be detrimental to the Company’s interest, the director shall neither participate in the discussion nor vote on the matter, and shall recuse themselves during both discussion and voting. Moreover, such director shall not act as a proxy for other directors in exercising their voting rights.

(2) Implementation status of board diversity

2.1 The composition of the Company's board of directors is formulated not only based on the operational and developmental needs of the company but also in accordance with corporate governance best practices. The Company has established a policy for board member diversity, considering factors such as gender, age, professional background, and industry experience. The current board consists of seven members, each equipped with expertise and professional experience from various fields including finance, accounting, electrical and mechanical engineering, and business management. They possess industry knowledge, international market insights, and the capability to execute their duties as directors effectively. Among the board members, there is one director aged between 40 and 55, two directors aged between 56 and 65, and four directors aged 66 or above, ensuring a diverse representation across different age groups and providing constructive input to the management team.

2.2 The current board composition includes at least one female director, with no more than one-third of the board seats held by directors who also serve as company executives. Additionally, there are no more than two directors who have a spouse or a second-degree relative relationship within the board. At least three directors serve as independent directors, with each serving for a maximum of three consecutive terms.

2.3 The current Board includes one female director and four independent directors, with independent directors accounting for more than half of the total board seats. Only two directors hold executive positions, and there is one pair of directors with a spouse or second-degree relative relationship. Furthermore, all three independent directors have served for fewer than three consecutive terms. These arrangements fulfill the objectives of board diversity and ensure the implementation of independence and diversity principles.

(II) Information on the President, Vice President, Assistant Managers or division

8 April 2025

Title	Nationality	Name	Gender	Date of Office	Shareholding		Shareholding ratio of spouse and underage children		Shares held in the name of a third party		Major work experience (education)	Concurrent positions in other companies.	The spouse or consanguineous within two degrees			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
President	R.O.C	CHANG, CHIN-CHIN	M	April 1989	18,080,201	22.94	11,549,766	14.66	-	-	Master's degree, International Business, National Taiwan University. Chung Yuan Christian University	-	Vice President	LIU, HSIU-YUEH	Spouse	Note1
Executive Vice President	R.O.C	LIU, HSIU-YUEH	F	April 1989	11,549,766	14.66	18,080,201	22.94	-	-	Feng Yuan Commercial High School	-	Chairmen and President	CHANG, CHIN-CHIN	Spouse	
Supervisor of Manufacturing Department	R.O.C	LI, YI-ZE	M	April 2021	-	-	-	-	-	-	Institute of Industrial Engineering, National Chin-Yi University of Technology Vice President, Quality Assurance, Chang Type Industrial CO., Ltd.	-	-	-	-	
President of Business Department	R.O.C	CHANG, HSIANG-I	F	April 2010	7,090,569	9.00	-	-	-	-	Marketing, Indiana University	-	Chairman and President	CHANG, CHIN-CHIN	Father & daughter	
President of Finance department	R.O.C	CHANG, CHIN-HUA	M	January 2002	14,819	0.02	-	-	-	-	Chung Yuan Christian University Deloitte Accounting firms.	-	-	-	-	

Title	Nationality	Name	Gender	Date of Office	Shareholding		Shareholding ratio of spouse and underage children		Shares held in the name of a third party		Major work experience (education)	Concurrent positions in other companies.	The spouse or consanguineous within two degrees			Remark
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relation	
Vice President of Material Department	R.O.C	LIN, HAO-LIANG	M	September 2021	-	-	-	-	-	-	Department of Civil Engineering, R.O.C. Military Academy Glory Wheel Enterprise CO., Ltd.	-	-	-	-	

Note 1: Reasons, necessity, rationality and countermeasures for the chairman and president to be the same person: It can improve the efficiency of decision-making; in addition, five (more than half) of the seven directors of the company are not concurrently managers or employees of the company.

II. Remuneration to the Directors, Supervisors, Presidents and Vice Presidents in the previous period

(I) Remuneration of directors (including independent directors)

Unit: In thousands of NTD

Title	Name	Remuneration to Directors								The sum of A, B, C and D in proportion to net income		Related payment in performing the duties as employees								The sum of A, B, C, D, E, F and G in proportion to net income		Any payment from direct investee companies other than the subsidiaries or the parent company
		Remuneration (A)		Pension and severance payment (B)		Remuneration to Directors(C)		Professional allowances (D)				Salaries, bonus and special expense account(E)		Pension and severance payment(F)		Remuneration to employees (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount of cash	Amount of stock	Amount of cash	Amount of stock			
Chairman	CHANG, CHIN-CHIN	-	-	-	-	1.450	1.450	92	92	1.84%	1.84%	2,717	2,717	-	-	800	-	800	-	6.04%	6.04%	None
Director	CHANG, HSIANG-I	-	-	-	-	747	747	25	25	0.92%	0.92%	1,308	1,308	-	-	370	-	370	-	2.92%	2.92%	None
Director	LUO, SHU-DUAN	-	-	-	-	200	200	30	30	0.27%	0.27%	-	-	-	-	-	-	-	-	0.27%	0.27%	None
Independent Director	CHEN, YONG-YAO	-	1,200	-	-	-	-	50	50	1.49%	1.49%	-	-	-	-	-	-	-	-	1.49%	1.49%	None

Title	Name	Remuneration to Directors								The sum of A, B, C and D in proportion to net income		Related payment in performing the duties as employees								The sum of A, B, C, D, E, F and G in proportion to net income		Any payment from direct investee companies other than the subsidiaries or the parent company
		Remuneration (A)		Pension and severance payment (B)		Remuneration to Directors(C)		Professional allowances (D)				Salaries, bonus and special expense account(E)		Pension and severance payment(F)		Remuneration to employees (G)						
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
																Amount of cash	Amount of stock	Amount of cash	Amount of stock			
Independent Director	LIN, HSIU-MEI	-	20	-	-	-	-	55	55	0.30%	0.30%	-	-	-	-	-	-	-	-	0.30%	0.30%	None
Independent Director	KO, CHEN-EN	-	1,200	-	-	-	-	50	50	1.49%	1.49%	-	-	-	-	-	-	-	-	1.49%	1.49%	None
Independent Director	WANG, MING-JHIH	-	30	-	-	-	-	55	55	0.42%	0.42%	-	-	-	-	-	-			0.42%	0.42%	None

1. Please specify the independent director remuneration policy, system, standard and structure, and the association between the duties performed, the risk, the commitment of time and related factors and the amount of remuneration payment: When independent directors perform their duties in the Company, regardless of the company's operating profit or loss, the Company shall pay annual remuneration to the directors pursuant to the method specified in the appointment contract entered into. The remuneration may be adjusted by the remuneration committee based on the degree of participation in the Company's operations and the value of their contribution.

2 Further to the disclosure in the above table, the remuneration to the directors from all companies included in the financial statements for the service rendered (such as consultant, which is not in the capacity as an employee): None.

(II) Remuneration to presidents and vice presidents:

Unit: In thousands of NTD

Title	Name	Salaries (A)		Pension and severance payment (B)		Bonus and special expense account (C)		Amount of remuneration to employees (D)				The sum of A, B, C and D in proportion to net income (%)		Any Remuneration from direct investee companies other than the subsidiaries or the parent company.
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount of Cash	Amount of stock	Amount of Cash	Amount of stock			
President	CHANG, CHIN-CHIN	2,472	2,472	-	-	245	245	800	-	800	-	4.20%	4.20%	None
Vice President	LIU, HSIU-YUEH	1,980	1,980	-	-	500	500	233	-	233	-	3.24%	3.24%	None

(III) Individual disclosure of the compensation of the top five highest paid executives

Unit: In thousands of NTD

Title	Name	Salaries (A)		Pension and severance payments (B)		Bonus and special expense account (C)		Amount of remuneration to employees (D)				The sum of A, B, C and D in proportion to net income (%)		Any Remuneration from direct investee companies other than the subsidiaries or the parent company
		The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company	All companies included in the financial statements	The Company		All companies included in the financial statements		The Company	All companies included in the financial statements	
								Amount of Cash	Amount of stock	Amount of Cash	Amount of stock			
President	CHANG, CHIN-CHIN	2,472	2,472	-	-	245	245	800	-	800	-	4.20%	4.20%	None
Vice President	LIU, HSIU-YUEH	1,980	1,980	-	-	500	500	233	-	233	-	3.24%	3.24%	None
Finance President	CHANG, CHIN-HUA	1,153	1,153	-	-	70	70	106	-	106	-	1.59%	1.59%	None
Business President	CHANG, HSIANG-I	1,200	1,200	-	-	108	108	370	-	370	-	2.00%	2.00%	None

(IV) Names of managerial officers who received employees' bonuses in the preceding year and the distribution

8 April 2025 Unit: In thousands of NTD

	Title	Name	Stock	Cash	Total	Raito of total amount to net income (%)
Manager	President	CHANG, CHIN-CHIN	-	1,509	1,509	1.80%
	Vice President	LIU, HSIU-YUEH				
	Finance Manager	CHANG, CHIN-HUA				
	Business Manager	CHANG, HSIANG-I				

(V) The analysis of the ratio of the remuneration to net income paid to directors, supervisors, president and vice presidents by the Company and all companies in the consolidated financial statements in the last two fiscal years, the policy and standard of paying remuneration, the procedure of combining and determining remuneration, and the relationship between business performance and future risk.

Year / Title	2023		2024		Statement
	The Company	Companies in the financial report	The Company	Companies in the financial report	
Director	9.88%	9.88%	11.81%	11.81%	Note1
President and Vice President	4.68%	4.68%	7.44%	7.44%	Note2

Note 1: Remuneration paid by the company to directors and supervisors for the last two years

(1) Remuneration policy, standard and combination

The company's decision to pay directors' remuneration is based on the company's Articles of Incorporation. The remuneration committee submits a report. After the resolution of the board of directors is passed, the proposal will be submitted to the general meeting of shareholders in accordance with the law.

(2) Procedure for deciding remuneration

The company's director's remuneration is based on the company's Articles of Incorporation. If the company makes profit during the year, the amount shall first make up for the accumulated loss, then no more than 5.0% may be allocated as the director's remuneration. The distribution method will be proposed by the Remuneration Committee. and submitted to the board meeting for approval and shall be reported to the shareholders' meeting.

(3) Correlation with operating performance and future risks

The directors' remuneration of the company is regulated by the company's Articles of Incorporation, and the non-fixed part is paid according to the company's annual profit, so it is related to the company's operating performance. In addition, the remuneration committee also regularly evaluates and reviews the remuneration of the board of directors, and reports the related results to the board of directors for discussion to confirm that it is in balance with the company's sustainable operating results.

Note2: Remuneration paid by the company to presidents and vice presidents for the last two years

(1) Remuneration policy, standard and combination

The remuneration paid by the company to managers is mainly divided into fixed salary and variable bonus. Fixed salary is the monthly salary agreed with the employee every year, and the variable bonus is the remuneration for achieving the target performance. Fixed salary refers to the salary and remuneration related to work performance determined by the company based on factors such as colleagues' job duties, the overall environment of the industry and market standards. The change of bonus is based on the performance and contribution of the current year. After being submitted by the Remuneration Committee and approved by the Board of Directors, it will be handled in accordance with the company's annual bonus payment announcement. The variable bonus is based on the performance and contribution of the current year, and is submitted by the Remuneration Committee to the Board of Directors for approval, and then handled in accordance with the company's annual bonus payment announcement.

(2) Procedure for deciding remuneration

Employee remuneration is handled in accordance with the company's articles of association. If the company has a profit in the year, after reserving the amount in advance to cover accumulated losses. In addition, no less than 1.0% shall be allocated as employee compensation. The actual amount of employee compensation will be reported by the Remuneration Committee and approved by the Board of Directors. The actual amount of employee compensation will be reported by the Remuneration Committee and approved by the Board of Directors, then handled in accordance with the announcement of the company's annual bonus distribution.

(3) Correlation between business performance and future risks

Employee remuneration is handled in accordance with laws and regulations and the operating results of the current year, and its payment standards, structure and system will also be reviewed and adjusted in a timely manner based on actual operating conditions and changes in relevant laws and regulations. The Company's Remuneration Committee also regularly evaluates the current status of managers' remuneration and provides recommendations for the Board's reference and discussion. To confirm the reasonableness of the overall compensation.

III. Implementation of Corporate Governance

(1) Operations of the Board of Directors

1. The Board of the Company convened for 8 times (A) in 2024 and 2025.The attendance of the Directors is specified below:

Title	Name	Actual frequency attendance (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Chairman	CHANG, CHIN-CHIN	8	-	100	-
Director	CHANG, HSIANG-I	8	-	100	-
Director	LUO, SHU-DUAN	8	-	100	-
Independent Director	KO, CHEN-EN	8	-	100	-
Independent Director	CHEN, YONG-YAO	8	-	100	-
Independent Director	LIN, HSIU-MEI	8	-	100	-
Independent Director	WANG, MING-JHIH	8	-	100	-

Additional information:

I. If any of the following applies to the Board in session, specify the date, the session of the meeting, the content of the motions, the opinions of all Independent Directors, and the response of the Company to the opinions of the Independent Directors:
 (I) Particulars inscribed in Article 14-3 of the Securities and Exchange Act: None.
 (II) Further to the aforementioned issues, any other adverse opinions or qualified opinions from the Independent Directors on record or in the written declaration on the resolutions of the Board: None.

II. The recusal of the Directors from motions involving a conflict of interest. Specify the names of the Directors, the content of the motions, the reasons for recusal and the participating in voting: None.

III. Information on the cycle and duration for the Board of Directors in self-evaluation (peer evaluation), the scope, means and content of assessment:
 1. Evaluation cycle: Once annually
 2. Duration of evaluation: 1 January 20234 - 31 December 2024
 3. Means of evaluation: Self-Assessment of the members of the Board

Scope of evaluation	Content of evaluation	Result of evaluation
Overall board	1. Level of participation in the company's operations 2. Improve the decision-making quality of the board of directors 3. Composition and structure of the Board of Directors 4. Election of directors and continuing education 5. Internal control	Overall grade of 4.5. The assessment result is excellent. The overall operation of the Board of Directors is satisfactory and complies with the spirit of corporate governance.
Individual board members	1. Mastery of company goals and tasks 2. Awareness of the director's duties 3. Level of participation in the company's operations 4. Cultivation of internal relations and communication, 5. Professional designation and continuing education of Directors 6. Internal control	Overall grade of 4.7. The assessment result is excellent. The directors give positive comments on the efficiency and effectiveness of the operation of each assessment indicator.
Remuneration Committee	1. Level of participation in the company's operations	Overall grade of 4.5 The assessment result is excellent.

	2. Awareness of the duties of the remuneration committee 3. Improve the decision-making quality of the remuneration committee 4.Composition and selection of members of the remuneration committee	It shows that the Audit Committee has positive comments on the efficiency and effectiveness of the operation of each assessment indicator.
Audit Committee	1. Level of participation in the company's operations 2. Awareness of the duties of the audit committee 3. Improve the decision-making quality of the audit committee 4. Composition and selection of members of the audit committee	Overall grade of 4.7. The assessment result is excellent It shows that the Audit Committee has positive comments on the efficiency and effectiveness of the operation of each assessment indicator.

Note: A score of 5 out of 5, with an average score of 4 or more being excellent, 3~4 being good, and 3 or less being to be improved.

IV. Assessment of the current and most recent year's goals for strengthening the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation:

1. Directors' liability insurance is continuously taken out annually to diversify and reduce the risk of damage to the Company and its shareholders.
2. The internal rules and regulations are reviewed annually for appropriateness and amended regularly to ensure the implementation of the management system. The amended rules in 2024 up to the publication date of the annual report include Sustainable Information Management Procedures, Internal Control System – Management of Sustainability Information, Corporate Governance Best Practice Principles, Rules Governing Financial and Business Matters Between this Corporation and its Related Parties, Articles of Incorporation etc.

(II) Information on the operation of the Audit Committee:

1. Responsibilities and authorities of the Audit Committee

The Audit Committee currently consists of four independent directors. It is responsible for reviewing the fairness and accuracy of the Company's financial statements, the appointment and dismissal of certified public accountants as well as evaluating their independence and performance, the effectiveness of the Company's internal control systems, the Company's compliance with applicable laws and regulations, and the control of existing or potential risks. The Committee is chaired by independent director WANG, MING-JHIH, with independent director KO, CHEN-EN also serving on the Committee. Both possess professional expertise in finance, accounting, and industry knowledge, and meet the required qualifications for service on the Committee. The main duties and responsibilities of the Audit Committee include the following:

(1) Establishing or amending the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
(2) Assessing the effectiveness of the internal control system.
(3) Establishing or amending procedures for the acquisition or disposal of assets, engagement in derivative transactions, lending of funds to others, and endorsements or guarantees, in accordance with Article 36-1 of the Securities and Exchange Act.
(4) Matters involving a director's own interests.
(5) Material asset or derivative transactions.
(6) Significant loans, endorsements, or guarantees.
(7) The raising, issuance, or private placement of equity-type securities.
(8) Appointing, dismissing, or determining the remuneration of the CPA.
(9) Appointing or dismissing financial, accounting, or internal audit officers.
(10) Annual and semi-annual financial reports.
(11) Other material matters as prescribed by the Company or competent authorities.

Key Matters reviewed by the Audit Committee in 2024 include:

(1) Audit of financial statements and review of accounting policies and procedures.

(2) Assessing the effectiveness of the internal control system.

(3) Amendments to the internal control system and relevant management procedures.

(4) Significant asset acquisitions, lending of funds, and endorsements or guarantees.

(5) Qualifications, independence, and suitability of the CPA.

(6) Review of the CPA's independence.

(7) Regulatory compliance.

(8) Fraud prevention program and fraud investigation.

(9) Corporate risk management.

2. Information on the operation of the Audit Committee:

(1) As of 2024 and as of the date of the publication of the Annual Report in 2025, the Audit Committee convened for 8 times (A). The attendance of the Audit Committee is specified below:

Title	Name	Actual frequency of attendance (B)	Actual attendance rate (%) (B/A)	Remark
Convener	WANG, MING-JHIH	8	100%	
Member	CHEN, YONG-YAO	8	100%	
Member	LIN, HSIU-MEI	8	100%	
Member	KO, CHEN-EN	8	100%	

(2) Particulars inscribed in Article 14-5 of the Securities and Exchange Act:

Date	Proposal	Suggestions and results
17 January 2024	1. Recognition of past due accounts receivables as of September from subsidiaries not being classified as loaning of funds case	Approved by all members of the Audit Committee present, and submitted to the Board of Directors for resolution.
11 March 2024	1.2023 Business Report and Financial Statements 2. 2023 Earnings Distribution Case 3. Self-assessment report of internal control system for 2023 and statement of internal control system 4. Evaluation of the independence and suitability of the Company's CPA for 2024 5.Loaning of funds to the Company's subsidiaries. 6. List of non-assurance services anticipated to be provided by Ernst & Young Taiwan and its	Approved by all members of the Audit Committee present, and submitted to the Board of Directors for resolution.
3 May 2024	1. Financial Statements for the Q1 of 2024 2. Recognition of past due accounts receivables as of March 2024 from subsidiaries not being classified as loaning of funds case	Approved by all members of the Audit Committee present, and submitted to the Board of Directors for resolution.
5 August 2024	1. Financial Statements for the Q2 of 2024 2. There were no disguised financing arrangements involving accounts receivable that exceeded the normal credit period.	Approved by all members of the Audit Committee present, and submitted to the Board of Directors for resolution.
31 October 2024	1. Financial Statements for the Q3 of 2024. 2. Establishment of the audit plan for 2024. 3. There were no disguised financing arrangements involving accounts receivable that exceeded the normal credit period. 4. Establishment of the "Sustainable Information Management Procedures", "Internal Control System – Management of Sustainability Information".	Approved by all members of the Audit Committee present, and submitted to the Board of Directors for resolution.

Date	Proposal	Suggestions and results
20 January 2025	1. There were no disguised financing arrangements involving accounts receivable that exceeded the normal credit period. 2. Evaluation of the independence and suitability of the certified public accountant for 2025 using Audit Quality Indicators (AQI). 3. Amendment to certain provisions of the Company's "Corporate Governance Best Practice Principles". 4. Establishment of the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Related	Approved by all members of the Audit Committee present, and submitted to the Board of Directors for resolution.
5 March 2025	1. 2024 Business Report and Financial Statements. 2. 2024 Earnings Distribution Case. 3. Self-assessment report of internal control system for 2024 and statement of internal control system. 4. Amendment to the Company's "Articles of Incorporation". 5. List of non-assurance services anticipated to be provided by Ernst & Young Taiwan and its	Approved by all members of the Audit Committee present, and submitted to the Board of Directors for resolution.
2 May 2025	1. Financial Statements for the Q1 of 2025. 2. Recognition of past due accounts receivables as of March 2025 from subsidiaries not being classified as loaning of funds case	

2. The recusal of an independent director from the conflict of interest, the name of the independent director, the content of the motion, the reason for the recusal and the participation in the vote should be specified: None.

3. Communication between the independent directors and the head of the internal audit and the CPAs (which should include the material matters, manner and results of communication regarding the financial and business position of the company):

(1) Communication with the head of the internal audit: The head of audit submits audit reports quarterly to report on audit results and business performance.

(2) Communication with the CPAs:

The Company's CPAs regularly report to the independent directors in advance of the first and third quarterly board meetings each year on matters relating to the audit (or review) of the current year's financial statements and other communications required by the relevant laws and regulations, and in the event of special circumstances.

Date	Communication Highlights	Remark
14 March 2024	1. Auditor's Responsibility for Financial Reporting / Independence / Audit scope and approach/Audit findings 2. Important updates on Accounting Standards or Interpretation Letters, Securities Act and Taxation Act	Having been asked by the Independent Directors about the contents and relevant details of the Report and having been answered and explained by the CPAs, the Independent Directors have no other comments or recommendations
1 November 2024	1. Auditor's Responsibility for Financial Reporting / Independence / Audit scope and approach/Audit findings 2. Important updates on Accounting Standards or Interpretation Letters, Securities Act and Taxation Act	Having been asked by the Independent Directors about the contents and relevant details of the Report and having been answered and explained by the CPAs, the Independent Directors have no other comments or recommendations

(3) Summary of the communication between the Independent Directors and the Head of Internal Audit is as follows:

Date	Communication Highlights	Suggestions and Findings
14 March 2024	1. 2022 Q4 Audit Plan Implementation 2. Discussion on assessment of effectiveness of the 2022 Annual Internal Control System and the Statement of Internal Control	Approved without objection after discussion.
6 May 2024	2023 Q1 Audit Plan Implementation Report	Approved without objection after discussion.
7 August 2024	2023 Q2 Audit Plan Implementation Report	Approved without objection after discussion.
2 November 2024	2023 Q3 Audit Plan Implementation Report	Approved without objection after discussion.
5 March 2025	1. 2023 Q4 Audit Plan Implementation Report 2. Discussion on assessment of effectiveness of the 2023 Internal Control System and Statement of Internal Control	Approved without objection after discussion.

(III) Pursuit of corporate governance varied with the Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
I. Has the Company established and disclosed its Corporate Governance Best Practice Principles in accordance with the “Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies”?	✓		The Company has established its “Corporate Governance Best Practice Principles” in accordance with the “Corporate Governance Best Practice Principles for TWSE and TPEx Listed Companies”. The operation of these principles is consistent with the Company's established guidelines, with no material differences. The Company also adheres to relevant regulations and continues to promote the operation of corporate governance.	Consistent.
II. Equity structure and shareholder equity of the Company (I) Has the Company established the internal operation procedures for responding to the suggestion, queries, disputes and	✓		(I) The Company has established a system of spokesperson and an acting spokesperson to deal with relevant matters as required.	(I)Consistent.

Item of evaluation	The pursuit Yes	No	Summary Explanation	Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
lawsuits of the shareholders, and implemented based the procedures?				
(II) Has the Company kept a list of the dominant shareholders actually controlling the Company and the list of ultimate controlling parties of these dominant shareholders?	✓		(II) The Company has maintained a good relationship with its major shareholders and discloses the ultimate control list of its major shareholders and substantial shareholders on a regular basis in accordance with the law.	(II) Consistent.
(III) Is there any control and firewall mechanisms established between the Company and its affiliates with proper execution?	✓		(III) The Company has established controls in the Company's internal control system and related management practices in accordance with the law.	(III) Consistent.
(IV) Has the Company instituted related internal rules and regulations for prohibiting the use of undisclosed information in the market by insiders for trading securities?	✓		(IV) The Company has established "Procedures for Handling Material Internal Information" to prohibit insiders from obtaining wrongful benefits from their positions in the Company. In addition, Article 37 of the Company's "Corporate Governance Best Practice Principles" stipulates that members of the Board shall faithfully perform their duties and exercise the duty of care of a good administrator, acting with a high degree of self-discipline and prudence. The Company's Audit Office conducts periodic inspections to ensure that the execution of the aforementioned procedures complies with relevant regulations. The Company has also strengthened its educational efforts for directors and managerial officers regarding the prevention of insider trading. Furthermore, after each Board meeting date is	(IV) Consistent.

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
			confirmed, the Company reminds directors not to trade the Company's shares during the blackout periods: 30 days prior to the announcement of the annual financial statements and 15 days prior to the announcement of quarterly financial statements.	
III. The organization and function of the Board (I) Has the Board established the policy of diversity, the substantive management objective, and the attainment?	✓		(I) The 12th Board of Directors of the Company consists of 7 Directors, comprising 2 Executive Directors, 4 Independent Directors and 1 Non-Executive Director. The members have extensive experience and expertise in the fields of finance, business and management, with diverse backgrounds. The Company also places emphasis on gender equality in the composition of the Board which currently consists of seven directors, including three female directors.	(I)Consistent.
(II)The Company has established the Remuneration Committee and Auditing Committee as required by law. Will the Company establish other functional committees on a voluntary basis?	✓		(II) The Company have established the Remuneration Committee and Audit Committee. Other types of functional committee will be assessed whether it is necessary in the future.	(II) No material difference.
(III)Has the Company established the regulations governing the evaluation of Board performance and the method of evaluation, and conduct annual evaluation at regular intervals, report the result of evaluation to the Board, and taken as the reference for the remuneration to individual	✓		(III) The method of assessing the performance of the Board and how it is assessed: 1. On 7 May 2020, the Company's Board of Directors approved the "Board Performance Evaluation Method", which requires the implementation of an internal board performance evaluation at least once a year. 2. The evaluation was conducted by means of an internal questionnaire, and was based on two components: "Board Operations" and "Directors' Participation", with the directors assessing the Board's operations and the directors assessing their	(III)Consistent.

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
Directors and the nomination for another term of office? (IV) Has the Company assessed the independence of the CPAs at regular intervals?	 ✓		own participation. The results of the above performance evaluation will be used as a reference in the selection or nomination of directors. Once all the questionnaires are collected each year, the Company analyses them in accordance with the previous method and presents the results to the Board of Directors along with suggestions for subsequent improvements. The Board's performance evaluation items include: (1) Level of participation in the company's operation (2)Improve the quality of decision making of the board (3) Organization and structure of the Board (4) Election of Directors and Continuing Education (5)Internal control. The evaluation of the performance of the members of the Board should cover at least the following matters: (1) Awareness of the company and responsibilities (2) Level of participation in the company's operation (3) Directors' Professional and Continuing Education (4)Internal control. 3. The Company completed a performance evaluation of the Board and Board members in January 2024 and the results of the evaluation for 2023 indicated that the Board was generally functioning well. The results of the assessment were presented to the Board on 14 March 2024. Please refer to (I) Functions of the Board of IV Pursuits of Corporate Governance for the results of the assessment. (IV) In accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies," the Company's Audit Committee conducts an annual assessment of the independence and competence of the appointed CPAs. In addition to requiring the CPAs to provide a "Statement of Independence" and "Audit Quality Indicators (AQIs)," the evaluation is conducted based on 13 AQI metrics. It has been confirmed that the CPAs have no financial or business relationships with the Company other than the audit and tax-related engagements, and that no family members of the CPAs violate independence requirements. Based on the AQI data, the audit firm's experience and training hours are also above industry average. The results of the 2024 assessment of the	 (IV) Consistent.

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
(V) Has the company had a succession plan for board members and key management personnel and the operation conditions?	✓		independence and competence of the CPAs were approved by the board of directors on 14 March 2024. The assessment procedures and results are outlined as follows: 1. Review of AQIs Provided by the CPAs: The Audit Committee reviewed the Audit Quality Indicators (AQIs) submitted by the CPAs, covering five major aspects and thirteen metrics. The Committee utilized these indicators to assess the overall audit quality of the accounting firm and the audit team, focusing on professionalism, quality control, supervision, and innovation. The results of the evaluation were satisfactory. 2. Assessment of Independence: CPAs Wen Chen Lo and Yu Ting Huang of Ernst & Young Taiwan, along with the audit team, provided a Statement of Independence, affirming their objectivity and compliance with independence requirements. 3. Assessment of Competence: The CPAs do not serve as directors or independent directors of the Company, have no direct or material indirect financial interests in the Company, are not shareholders of the Company, and do not receive any remuneration from the Company. They possess professional competence, attend the Company's shareholders' meetings, participate in Audit Committee and Board meetings when necessary, and regularly provide training sessions for the Company. 4. The evaluation confirmed that the CPAs from Ernst & Young Taiwan meet the Company's standards for independence and competence, and are deemed qualified to serve as the Company's auditors. (V) Succession planning and its operation: 1.Succession planning and operation of Board members (1) Currently, there are seven directors (including four independent directors), each with diverse backgrounds in business, law, finance and accounting, or management expertise required for company operations. In the future, the Company will continue to strengthen the board structure. (2) For the succession planning for the Board of	(V) No material difference.

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
			Directors, the Company conducts succession planning for Directors by considering, 1 suitable candidate recommended by the existing directors, 2 directors recommended by shareholders, 3 The results of the Board's performance evaluation used as a reference for the nomination of Directors for reappointment. In addition, there are currently a number of senior managers within the Group who have the necessary management and professional skills to serve as Directors, and the Company will also seek external expertise to prepare for the succession planning of Directors; Independent directors are required by law to have working experience in business, law, finance, accounting or the business of the Company, and the Company will appoint independent directors as required by law to further the function of corporate governance. 2. Succession planning and operation of key management personnel (1) In planning for the succession of key management personnel, it is important that they possess a high degree of executive ability, correct values, integrity and honesty, and are committed to achieving the three key objectives of employee satisfaction, customer satisfaction and shareholder satisfaction. (2) The Company organizes internal and external training courses from time to time to nurture key management and their agents. The training covers not only professional training, but also the development of judgment, management skills and problem-solving abilities to enhance the quality of management decisions and to prepare the Company's high-quality manpower for long-term development.	
IV. Has the Company appointed competent and appropriate number of personnel to perform the function of corporate governance, and a designated Corporate Governance Officer charged with corporate governance and related affairs	✓		To promote corporate governance and ensure effective functioning of the board of directors, the Company has established a dedicated corporate governance unit under the President’s Office in accordance with Articles 20 and 22 of the “Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of	No material difference.

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
(including but not limited to supplying the Directors with information required for their performance of duties, assistance to the Directors in law and compliance, administrative affairs pertinent to the convention of the Board and the Shareholders Meeting, keeping minutes of meeting on record for the convention of the Board and the Shareholders Meeting)?			Powers." Currently, the Company has two corporate governance personnel. The head of the corporate governance unit concurrently serves as the head of the Finance Department and possesses more than three years of experience in financial, stock affairs, or meeting management at public companies, in compliance with regulatory requirements. The unit is responsible for overseeing corporate governance-related matters, with primary duties including the following: (1) Responsible for providing directors with the necessary information to perform their duties, handling matters related to Board and shareholders' meetings in accordance with the law, company registration and amendment filings, preparing minutes of Board and shareholders' meetings, assisting directors with onboarding and continuing education, and ensuring directors' compliance with applicable laws and regulations. (2) Prior to each Board meeting, the unit solicits agenda suggestions from all directors to plan and prepare the meeting agenda. Meeting notices and relevant materials are provided to all directors at least seven days in advance to ensure sufficient time for review. (3) Registers the date of the annual shareholders' meeting within the legal deadline each year, prepares and files the meeting notice, agenda handbook, and minutes in accordance with regulations, and handles amendment registration following articles of incorporation revisions or Board re-elections. (4) Ensures directors are promptly informed of material company events by immediately notifying them after such information is disclosed, and arranges relevant professional training in finance and business. Necessary materials are also provided to support directors in fulfilling their responsibilities. (5) Irregularly convenes communication meetings	

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
			with CPAs, independent directors, and heads of internal audit and accounting to reinforce the internal control system. Records of such meetings are disclosed on the Company's website. (6) Regularly updates the Board of Directors on the latest developments and amendments to laws and regulations related to the Company's business and corporate governance, and assists directors in onboarding and compliance matters. (7) Reviews and designs the Company's overall internal control system to ensure the efficiency and flexibility of corporate governance measures, and coordinates cross-departmental governance-related matters. (8) In 2024, all matters related to the Board and shareholders' meetings were successfully completed. The progress of these activities was reported to the board of directors on 21 January 2025. The key implementation highlights are as follows: 8.1 Assisted directors and independent directors in the execution of their duties by providing necessary information and arranging continuing education programs. 8.2 Supported the legal compliance of procedures and resolutions of the Board and shareholders' meetings, including reporting on corporate governance status and handling the disclosure of material information related to key Board resolutions. 8.3 Prepared the Board meeting agenda and provided relevant materials to directors at least seven days in advance. Where conflicts of interest existed, reminders were given prior to the meeting. Meeting minutes were completed within 20 days after each meeting in accordance with regulations. 8.4 Registered the date of the shareholders'	

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">The pursuit</th><th rowspan="2">Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Explanation</th></tr>
<tr><td></td><td></td><td></td><td>meeting in compliance with legal requirements and prepared the meeting notice, agenda handbook, and meeting minutes within the statutory deadlines. All of the above tasks for 2024 were successfully completed.
9. The head of corporate governance completed a total of 12 hours of continuing education in 2024 by attending the training courses for issuers, securities firms, and accounting officers organized by the Taiwan Stock Exchange.</td><td></td></tr>
<tr><td>V. Has the Company established channels for communications with stakeholders (including but not limited to shareholders, employees, customers and suppliers), and set up a section for stakeholders on its official website with proper response to stakeholders on issues of corporate social responsibility for their concern?</td><td>✓</td><td></td><td>
<table>
<tr><th>Stakeholders</th><th>Issues of Concern</th><th>Contact Details</th><th>Correspondence</th></tr>
<tr><td>Employee</td><td>Employees’ welfare
Employees’ performance
Evaluation and promotion mechanism
Labor-management relationship
Occupational safety and health</td><td>Announce through internal website or e-mail
Welfare committee
Convene a meeting regularly or irregularly
Management department – Supervisor Liao
e-mail: leemjkwnlonr@mail.toty.com.tw</td><td>Formulate related management regulations
Regular fire drill
Regular employees health check and consult with doctors
Annual trip and employees gathering meal</td></tr>
<tr><td>Shareholder</td><td>Corporate governance
Sustainable development strategy
Shareholders’ participation
Operational performance</td><td>Disclose important information timely through media, Company’s website or Market Observation Post System
Establish an investor relations contact</td><td>Announce material information and announcement by laws
Convene shareholders meeting annually and regularly and publish annual report</td></tr>
</table>
</td><td>No material difference.</td></tr>
</table>

Item of evaluation	The pursuit Yes	No	Summary Explanation					Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
					for bilateral communication Convene the shareholders' meeting Stock department/Manager Chang e-mail: jack@toty.comtw	Hold institutional investor conference annually and irregularly		
			Customer	Corporate governance Service quality Customers' satisfaction	Publishment of press release irregularly through media or Company's website Establish customers' complaint hotline and e-mail Convene a meeting regularly or irregularly Business department - Manager Chang e-mail: weber.chang@toty.com.tw	Announce every business information on the Company's website The products passed several certification (such as ISO 9001:86) to ensure technology and quality Formulate related management regulations		
			Supplier	Suppliers' evaluation and management Green procurement Information transparency Anti-corruption	Establish suppliers' complaint hotline and e-mail Convene a meeting regularly or irregularly Procurement office – Vice	Formulate suppliers management regulations Conduct an annual supplier evaluation Supplier contract		

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	

		manager Lin e-mail: horace@toty.com.tw		
Government	Economic performance Product and service labeling Compliance with product, environment, and social regulations Labor relationship Emission	Company's website or Market Observation Post System Official document communication Convene a meeting regularly or irregularly External communication box Finance department – Manager Chang jack@toty.com.tw Business department – Manager Chang weber.chang@toty.com.tw Management department – Supervisor Liao leemjkwnlonr@mail.toty.com.tw	Formulate related management regulations and comply with laws	
Community	Greenhouse gas emission Wastewater and wastes	Company's website or Market Observation Post System Convene a meeting	Implement waste water and waste reduction management through design and	

<table>
<tr><th rowspan="2">Item of evaluation</th><th colspan="3">The pursuit</th><th rowspan="2">Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table>
<tr><td></td><td></td><td>regularly or irregularly
Management department – Supervisor Liao
leemjkwnlonr@mail.toty.com.tw</td><td>manufacturing process changes</td></tr>
<tr><td>Bank</td><td>Economic performance</td><td>Company’s website or Market Observation Post System
Convene a meeting regularly or irregularly
External communication box
Finance department – Manager Chang
jack@toty.com.tw</td><td>Announce every business information on the Company’s website</td></tr>
</table></td><td></td></tr>
<tr><td>VI. Has the Company commissioned a professional investor service agent to handle matters pertinent to the Shareholders’ Meeting?</td><td>✓</td><td></td><td>The Company has appointed the agency department of Taishin Securities Co., Ltd. to act on its behalf in all matters relating to the Company's shareholding.</td><td>Consistent.</td></tr>
<tr><td>VII. Transparency of information

(I) Has the Company established a website for the disclosure of information on the financial position and business of the Company?</td><td>✓</td><td></td><td>(I) The Company discloses information on financial position, business and corporate governance at regular intervals as required and from time to time where necessary at the official website of the Company (https://www.changtype.com/); Investors can also make inquiries via the Market Observation Post System.</td><td>(I)No material difference.</td></tr>
</table>

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
(II) Has the Company adopted other means of information disclosure (such as the installation of website in the English language, appointment of designated person to collect and disclose information for the Company, proper pursuit of the system of spokesman, and the upload the record on the entire process of institutional investors conferences to the Company website)? (III) Has the Company disclosed and declared its annual financial reports within 2 months after the end of the fiscal year, and declares its financial reports in Q1, Q2, and Q3, and the monthly business reports before respective deadlines at regular intervals?	✓ ✓		(II) A spokesperson system is in place for the collection and disclosure of corporate information. The company is regularly invited by securities firms to hold an institutional investors' conference every year. (III)The Company announces and reports on its financial statements and operations for each month within the deadlines set out in the List of Matters Required to Be Handled by Issuers of Listed Securities.	(II) No material difference. (III)No material difference.
VIII.Is there any important information that helps to understand the pursuit of corporate governance of the Company (including but not limited to employee rights, employee care, investor relation, supplier relation, stakeholder right, continuing education of the Directors, risk management policy and risk assessment standard in action, customer policy in action, taking professional liability insurance for the protection of the Directors)?	✓		(I) In addition to complying with the Labor Standards Act and related laws, the Company has established an employee welfare committee to provide various subsidies and activities for employees' rights and benefits. The company maintains good interaction with our suppliers, customers, financial institutions and shareholders, and we follow the internal control and management system established by the Company and fulfill our corporate responsibility to society in accordance with the relevant laws and regulations. (II)Under the consensus of all staff, the company operates on the principle of honesty and integrity, with a firm approach and pragmatic requirements, and aims to continuously improve quality and	No material difference.

Item of evaluation	The pursuit			Variation from Corporate Governance Best Practice Principles for TWSE Listed and TPEx Listed Companies, and the reason for the variation
	Yes	No	Summary Explanation	
			customer satisfaction in order to pursue excellence in quality and service. (III)The Company and its directors are committed to the spirit of "Take from society give back to society.". In addition to donating money to the community from time to time, the Company also actively participates in various community activities. (IV) The Company has taken out liability insurance for all directors and supervisors in the total amount of US$1,000,000 underwritten by The First Insurance Co., Ltd., as reported to the Board of Directors at their meeting on 5 May 2025, and as disclosed on the MOPS.	
IX.Explain the corrective action taken in response to the evaluation result released by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the previous period, and special attention and additional effort on issues that needed to be addressed to at top priority. (Not required for companies not included in the assessment)			1. The score of the Company's corporate governance evaluation for 2024 has improved from 41 to 60, indicating significant progress in the Company's corporate governance. 2. The Company's corporate governance evaluation ranking improved from the 81–100% range to the 66–80% range in 2024, demonstrating its commitment to enhancing corporate governance. The Company will continue to actively pursue improvements to achieve higher rankings in the future.	No material difference.

(IV) Where a company has a remuneration committee, it should disclose its organization and operation:

The purpose of the Remuneration Committee is to assist the Board in the implementation and evaluation of the Company's overall remuneration and welfare policies and the remuneration of managers.

On 29 November 2011, the Company established a Remuneration Committee and appointed four members, all four of whom are members with voting rights.

1. Information on members of Remuneration Committee

<table>
<tr><th>Condition
Identity/ Name</th><th>Professional Qualifications and Experience</th><th>Independence Status</th><th>Number of independent directors of other public companies</th></tr>
<tr><td rowspan="2">Independent Director
(Convenor)
CHEN, YONG-YAO</td><td rowspan="5">The Company’s Remuneration Committee is composed of four independent directors. For the professional qualifications and experience of the committee members, please refer to “Profile of board members” of this annual report (pages. 7–9).</td><td rowspan="3">The individual serves as an Independent Director and meets the independence requirements set forth in Article 14-2 of the Securities and Exchange Act and the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note), including but not limited to the following:
1. None of the individual, their spouse, nor relatives within the second degree of kinship (including those holding shares under another’s name) holds any shares of the Company.
2. In the past two years, the individual has not received any compensation for providing business, legal, financial, or accounting services to the Company or any of its affiliates.</td><td>0</td></tr>
<tr><td>1</td></tr>
<tr><td>Independent Director
KO, CHEN-EN</td><td>0</td></tr>
<tr><td>Independent Director
WANG, MING-JHIH</td><td rowspan="2">The individual serves as an Independent Director and meets the independence requirements set forth in Article 14-2 of the Securities and Exchange Act and the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies” (Note), including but not limited to the following:
1. The individual, the individual’s spouse, and relatives within the second degree of kinship (including those holding shares under the name of another person) hold a total of 1,225 shares of the Company, representing less than 1% of total outstanding shares, and thus remain in compliance with the independence requirements for independent directors.
2. In the past two years, the individual has not received any compensation for providing business, legal, financial, or accounting services to the Company or any of its affiliates.</td><td rowspan="2">0</td></tr>
<tr><td>Independent Director
LIN, HSIU-MEI</td></tr>
</table>

Note: None of the following circumstances has applied to the individual in the two years preceding the appointment or during the term of service:

(1) Employment by the Company or any of its affiliates.

(2) Serving as an director or supervisor of the Company or its affiliated companies (except if the company and its parent company, subsidiaries or subsidiaries of the same parent company have the same independent directors established in accordance with this Act or the laws of the local country, where the restriction does not apply).

(3) Individual shareholders who themselves and their spouses, minor children or on behalf of other natural person shareholders hold more than 1% of the company's total issued shares or hold the top ten number of shares.

(4) The spouses, relatives within the second degree of kinship or lineal blood relatives within the third degree of kinship of the managers listed in (1) or the people listed in (2) and (3).

(5) Directors, supervisors, or employees of corporate shareholders who directly hold more than 5% of the Company's total issued shares, whose ownership are among the top five shareholdings, or who are designate a representative to serve as a director of the company in accordance with Article 27 of the Company Act (except where the company and its parent company, subsidiary or subsidiary of the same parent company are serving concurrently as independent directors in accordance with this Act or the laws of the country in which they are established).

(6) Directors, supervisors or employees of other companies whose seats are the same as the company's directors or more than half of the shares with voting rights are controlled by the same person (except where the company and its parent company, subsidiary or subsidiary of the same parent company are serving concurrently as independent directors in accordance with this Act or the laws of the country in which they are established).

(7) Director (council), supervisor (supervisor) or employee of another company or institution is the same person or spouse as the chairman, president or equivalent position of the company (except where the company and its parent company, subsidiary or subsidiary of the same parent company are serving concurrently as independent directors in accordance with this Act or the laws of the country in which they are established.

(8) A director (council), supervisor, manager or shareholder holding more than 5% of the shares of a specific company or organization with which the company has financial or business dealings（except where a particular company or institution holds more than 20% but not more than 50% of the total number of issued shares of the company, and where the company and its parent company, subsidiary or subsidiary of the same parent company serve concurrently as independent directors in accordance with this Law or the laws of the country in which they are established）.

(9) A professional, sole proprietorship, partnership, company or institution business owners who are professionals who provide audits for companies or affiliated companies or whose accumulated remuneration in the last two years does not exceed NT$500,000 in business, legal, financial, accounting and other related services, partners, directors (council), supervisors (supervisors), managers and their spouses. However, this does not apply to the members of the Remuneration Committee, the Public Takeover Review Committee or the Special Committee on Mergers and Acquisitions, who perform their duties and responsibilities in accordance with the Securities and Exchange Act or the relevant laws and regulations of the Business Mergers and Acquisitions Act.

(10) In the absence of any of the circumstances set out in Article 30 of the Company Act.

2. Duties of the Remuneration Committee

(1) The Remuneration Committee assists the board of directors in executing and periodically evaluating the policies, systems, standards, and structures related to the remuneration of directors and managerial officers. The Committee shall perform its duties in good faith and with the care of a prudent manager, and shall submit its recommendations to the board of directors for discussion.

1. Formulate and periodically review the policies, systems, standards, and structures for performance evaluation and remuneration of directors and managerial officers.
2. Regularly evaluate and determine the remuneration of directors and managerial officers.
3. Periodically review the organizational charter of the Remuneration Committee and assess whether to propose amendments.

(2) When performing its duties, the Remuneration Committee shall adhere to the following principles:

1. Remuneration management shall align with the Company’s remuneration philosophy.
2. The performance evaluation and remuneration of directors and managerial officers shall be linked to the Company’s operational performance and future risk exposure.
3. The proportion of bonuses and the timing of variable compensation payments based on short-term performance of directors and managerial officers shall be determined with due consideration of industry characteristics and the nature of the Company’s business.
4. Committee members shall refrain from participating in discussions or voting on decisions regarding their own remuneration.

3. Information on the operation of the Remuneration Committee

(1) The Remuneration Committee of the Company consists of 4 members.

(2) Term of office of current members: From 27 June 2022 to 26 June 2025, the committee convened for 7 times (A) in 2024. The eligibility of the members and attendance to committee sessions of the members are specified below:

Title	Name	Actual frequency of attendance (B)	Frequency of attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remark
Convener	CHEN, YONG-YAO	7	-	100	
Member	LIN, HSIU-MEI	7	-	100	

Member	KO, CHEN-EN	7	-	100	
Member	WANG, MING-JHIH	7	-	100	

Additional information:

I. If the Board turned down or revised the recommendation of the Remuneration Committee, specify the date, session of the Board, the content of the motion, the resolution of the Board and the response of the Company to the opinions of the Remuneration Committee (if the resolution on remuneration passed by the Board is senior to the recommendation of the Remuneration Committee, explain the difference and the reason): None.

II. If there is any adverse opinion or qualified opinion on record or in written declaration on the resolutions of the Remuneration Committee, specify the date, session of the committee meeting, content of the motion, opinions of all members and response to the opinions of the members: None.

Note: (1) If specific member elected to resign within the fiscal year, put down the date of relief from office in the remark column. The actual attendance (as observer) rate (%) will be calculated on the basis the actual frequency of attendance (as observer) to the session of the Remuneration Committee and the frequency of the convention of the Remuneration Committee while the Director is still in office.

(2) If an election of Directors has been held to fill the vacancy before the end of the fiscal year, put down the names of the newly elected members and the members of the previous term, and noted as new to office or reelected to office, and the date of the election. The actual attendance (as observer) rate (%) will be calculated basis the actual frequency of attendance (as observer) to the session of the Remuneration Committee and the frequency of the convention of the Remuneration Committee while the member is still in office.

(3) Terms of Reference of the Remuneration Committee:

A. Regularly review and propose amendments to the Remuneration Committee's constitution and procedures.

B. To establish and regularly review policies, systems, standards and structures for the evaluation of the performance and remuneration of directors and managers.

C. Regularly assess and determine the remuneration of directors and managers

(4) Date of the sessions, content of the motions, resolutions and the response of the Company to the opinions of the Remuneration Committee:

Date of the session	Content of the motions and follow-up action	Response of the Company to the opinions of the Remuneration Committee
17 January 2024 The 5th Remuneration Committee The 8th Session	Approved the payment of the Company's year-end bonus for 2024	Submitted to the Board of Directors for discussion of the matter and approved by all Directors present.
11 March 2024 The 5th Remuneration Committee The 9th Session	Approved the 2024 remuneration distribution for employees and directors and supervisors	Submitted to the Board of Directors for discussion of the matter and approved by all Directors present.
5 August 2024 The 5th Remuneration Committee The 10th Session	Approve the proposed allocation of directors' and supervisors' remuneration and employees' remuneration to managers for 2023	Submitted to the Board of Directors for discussion of the matter and approved by all Directors present.
20 January 2025 The 5th Remuneration Committee The 13th Session	Approved the payment of the Company's year-end bonus for 2024	Submitted to the Board of Directors for discussion of the matter and approved by all Directors present.
5 March 2025 The 5th Remuneration Committee The 14th Session	Approved the 2024 remuneration distribution for employees and directors and supervisors	Submitted to the Board of Directors for discussion of the matter and approved by all Directors present.

(V) Implementation of Sustainable Development Practices

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
I. Does the Company establish a dedicated (or concurrent) unit responsible for promoting corporate social responsibility, authorized by the board of directors to be handled by senior management, with regular reports submitted to the Board on the implementation status?	✓		The Company has established a Sustainable Development Management Committee under the board of directors. The Committee is chaired by the President and operates under the supervision and authorization of the Board. It is responsible for integrating the functions of internal departments and is composed of three task forces: corporate governance, environmental sustainability, and social responsibility. Each task force is led by a senior executive and is responsible for managing issues related to various stakeholders, including customers, suppliers, government agencies, employees, shareholders, and society at large. In alignment with the principles of Environmental, Social, and Governance (ESG), the Committee formulates sustainable development goals and ensures the implementation of corresponding action plans and improvement measures. The Chairman of the Committee reports annually to the board of directors on the progress of the Company's sustainability initiatives. The report is subject to critical review and thorough discussion by Board members, who may propose revisions to the goals and recommend such revisions to the Corporate Governance and Development Management Committee for further refinement and execution. **Implementation of Sustainability Report** • **22 January 2024**: Reported and discussed the implementation status of risk	Consistent

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			management and greenhouse gas inventory for 2023. • **14 March 2024**: Reported and discussed the implementation status of corporate governance evaluation for 2023. • **21 January 2025**: Reported and discussed the implementation status of risk management and greenhouse gas inventory for 2024. • **March 6, 2025**: Reported and discussed the implementation status of corporate governance evaluation for 2024.	
II. Does the Company conduct risk assessments on environmental, social, and governance (ESG) issues relevant to its operations in accordance with the principle of materiality, and establish corresponding risk management policies or strategies?	✓		The Company has conducted risk assessments of environmental, social, and corporate governance (ESG) issues related to its operations in accordance with the principle of materiality and pursuant to the Company's "Risk Management Policy." Countermeasures and implementation plans have been formulated for the identified risks. On 21 January 2025, the status of corporate social responsibility efforts, including sustainability and risk management, was reported to the board of directors. The Company has identified the following risks and corresponding mitigation measures: I. Environmental issues 1. Climate change: The Company continues to implement energy-saving and carbon reduction initiatives, strictly complies with relevant local regulations, and enhances energy efficiency and resource recycling through equipment upgrades and rigorous production environment management. These measures are intended to reduce environmental impact and respond to increasingly stringent regulations aimed at promoting green practices and carbon reduction, which present growing compliance challenges. 2. Water resource management: (1) Promote energy and water conservation improvement projects to reduce energy consumption and water usage costs. (2) Implement wastewater recycling and treatment in production lines to optimize water resource utilization; promptly engage the facilities department to address any water leakage in office areas. (3) Install wastewater treatment systems and perform monitoring and analysis to ensure discharged water complies with environmental protection regulations. 3. Carbon emissions management: (1) Conduct carbon footprint assessments in a timely manner, set targets for reducing energy consumption, and develop effective carbon reduction improvement plans. (2) Prioritize production using new machinery with higher efficiency before utilizing older machines to reduce electricity consumption. Newly purchased machines are prioritized based on the inclusion of energy-saving inverter modules, and such modules are also being gradually installed on existing equipment.	Consistent

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			(3) All heavy oil-fueled die-casting machines have been converted to natural gas. In the product assembly plant, finished goods are transported to the shipping warehouse via automated conveyors, replacing manual forklift operations. In addition, electric forklifts have replaced diesel-powered ones to reduce air pollution. 4. Air pollution management: (1) Install packed activated carbon scrubbers and activated carbon adsorption equipment to filter particulate pollutants and absorb volatile gases, thereby improving the stability and effectiveness of waste gas treatment. (2) Implement routine inspections, maintenance, and servicing to ensure all equipment operates at optimal performance levels. (3) Engage external professionals annually to conduct workplace environment testing—including noise levels and chemical substance concentrations—to ensure a safe and healthy working environment for employees. 5. Waste management: (1) Commit to waste reduction at the source, minimize waste during production processes, and promote recycling and reuse. (2) Comply with legal requirements in reviewing and managing the qualifications of waste disposal contractors to ensure proper waste treatment and minimize environmental impact. II. Social issues 1. Human rights protection: (1) In accordance with the Company's human rights policy, the Company adheres to international human rights standards and the labor laws of the regions where its global operations are based, striving to create a workplace that promotes equality, free from discrimination and harassment. (2) Respect personal privacy rights and establish diverse communication channels and grievance mechanisms to ensure employees' rights and interests are protected. 2. Occupational health and safety: (1) Conduct audits and corrective actions in accordance with safety and health standards, continuously improving environmental impact, committing to pollution prevention, and monitoring key indicators such as the reduction of volatile organic compounds and noise levels. (2) Identify workplace hazards and assess risks for employees, implementing relevant safety measures and conducting emergency response drills to reduce the risk of occupational accidents. (3) Promote employee well-being by offering programs and activities focused on nutrition, diet, and overall health. 3. Infectious disease outbreak: (1) Strengthen various preventive measures, including controlling access to the factory premises, disinfecting the facility, handling emergencies, conducting employee health checks and self-health management, establishing	

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			a reporting system for outbreaks, and setting up medical support for hospital transfers, while maintaining reserves of epidemic prevention supplies. (2) Establish and implement a succession mechanism and provide continuous training for all personnel to ensure backup staffing capabilities. (3) Monitor the epidemic situation of suppliers, subcontractors, and investee companies. 4. Product responsibility: (1) Implement the ISO 9001 Quality Management System and obtain environmental management system certification. The Company continues to obtain ISO 9001 certification annually through external auditing evaluations. (2) Through the management system, the Company conducts pre-planning and assessments, implements and operates accordingly, and performs post-implementation audits and corrective actions to continuously improve product quality requirements. To mitigate risks, the company arranges for product liability insurance with an insurance provider annually. 5. Information security: (1) Establish the "Information Security Management Guidelines" to provide appropriate protection measures for information assets, ensuring their confidentiality. (2) Regularly assess and review information security strategies to ensure the continuity of business operations. (3) Promote information security awareness through periodic security campaigns to enhance employees' understanding of information security. (4) Require all company personnel to refrain from using unauthorized software. III. Corporate governance 1. Business ethics: Establish various codes of ethical conduct to foster sound corporate governance and effective risk control mechanisms. This includes evaluating the risks of unethical behavior and formulating corresponding preventive measures to effectively implement the policy of ethical business practices. 2. Legal compliance: (1) The Company has established a comprehensive set of internal regulations with clearly defined operating procedures, implemented robust internal control mechanisms, and instituted a whistleblower system to ensure lawful operations and employee compliance with all applicable laws and regulations. (2) The Company maintains up-to-date knowledge of regulatory changes by regularly monitoring legal developments. Personnel are periodically assigned to attend promotional seminars and training sessions organized by government agencies. In addition, internal education programs and legal compliance identification are conducted to ensure adherence to all applicable laws and regulations. 3. Strategic operations: With sustainable development as its core objective, the Company continues to develop high-value products, maintain strong supply relationships with customers and suppliers, and pursue ongoing quality improvement and competitiveness enhancement to mitigate operational	

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			risks.	
III. Environmental Issues (I) Does the Company establish appropriate environmental management system by nature of its industry?	✓		(I) Through the "Safety and Hygiene Code of Practice" formulatedby the Company, the Company conducts pre-planning and evaluation, implementation and operation, and implements auditand corrective measures afterward to continuously improve theimpact on the environment. At the same time, formulateenvironmental policies such as compliance with environmentalprotection regulations, commitment to pollution prevention andcontinuous improvement, and promote environmental managementimprovement plans. And establish indicators that are in compliancewith environmental protection regulations, such as reduction of onsite oil fumes, noise reduction, etc. to be monitored at any time andstrive to achieve these indicators.	(I) Consistent
(II) Does the Company make efforts to upgrade energy efficiency and use regenerated materials for mitigating the impact on the environment?	✓		(II) The Company is committed to reducing the source of waste, reducing waste during the manufacturing process and recycling. Execute the qualification review and management of waste removal and disposal manufacturers in accordance with the law. Ensure that waste is properly disposed of and reduce the impact on the environment. Making the best use of water resources through wastewater treatment and recycling in the production line. To achieve the goal of garbage reduction, we encourage our staff to participate in recycling, including plastic, waste paper, glasses, etc.	(II) Consistent
(III) Does the Company assess the potential risk and opportunity to the enterprise brought about by climate change, and take appropriate measures in responding to climate change issues?	✓		(III) 1. In accordance with the framework provided by the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB), the Company has identified the risks, opportunities, and potential financial impacts of climate change as follows:	(III) Consistent

<table>
<tr><th rowspan="2">Items Evaluated</th><th colspan="3">Status</th><th rowspan="2">Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Level</th><th>Execution Explanation</th></tr>
<tr><td>Governance</td><td>The board of directors is the highest supervisory authority for matters concerning climate change risks and opportunities. It holds the responsibility of approving, reviewing, and overseeing risk strategies and policies. Furthermore, it guides the company in exploring new business opportunities related to climate change. The board of directors has established the “Sustainable Development Management Committee”, chaired by the president, to comprehensively promote corporate sustainability. The committee convenes meetings at least once a year and reports progress to the board of directors. Its responsibilities encompass corporate governance, environmental sustainability, green partnerships, customer relations, employee relations, and social care. Department heads identify sustainability issues of concern, including risks involving operations, finance, environment, hazardous events, and climate change. They formulate action plans and establish continuous improvement plans.</td></tr>
<tr><td>Strategy</td><td>Department heads assess the risks and opportunities that climate change may bring, such as regulatory policy risks related to greenhouse gas reduction and emission reporting obligations, or policies such as carbon taxes and fees. They evaluate the impact on the company's operations and finances based on the time of occurrence and the degree of impact. Additionally, they actively monitor opportunities arising from greenhouse gas emissions for products. When designing products, they consider the environmental impacts and aim to reduce carbon emissions at each stage. Furthermore, they continuously improve energy efficiency in company operations and consider building solar power stations in available factory spaces to enhance renewable energy utilization.</td></tr>
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</td><td></td></tr>
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<table>
<tr><th rowspan="2">Items Evaluated</th><th colspan="3">Status</th><th rowspan="2">Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Risk Management</td><td>Chang Type’s board of directors has approved the “Risk Management Measures”, whereby each business unit with responsibilities should identify changes in risks related to operations, finance, environment, hazardous events, and climate change. They should also formulate risk management policies and execute board risk decisions. Adopting the framework provided by the Task Force on Climate-related Financial Disclosures (TCFD), the company analyzes the potential risks and opportunities of climate change to its operations and their impact on finances. Furthermore, they prioritize and review countermeasure plans based on the time of occurrence and the intensity of impact.
The risk management department reports to the board of directors annually, presenting updates on the company's transformation and changes in physical risks, along with evaluation results, enabling the Board to stay informed. This allows board members to enhance their international awareness of trends in international climate change governance and grasp key opportunities for the development of a low-carbon economy.</td></tr><tr><td>Indicator and Target</td><td>Establishing goals for greenhouse gas management, water resource management, energy management, and product development to build sustainable business capabilities for the enterprise.</td></tr></table>2.Climate change has caused a serious impact on the global environment and social economic system. In recent years, there have been wildfires, floods and storms all over the world, causing many casualties, displacement and huge economic losses.

Under the trend of global climate change, rising temperatures will expose many people to the threat of infectious diseases such as malaria and dengue fever. Extreme heat and air pollution are putting people in the cities at risk.

In response to the impact of climate change on business operations and the disclosure of information that specifically presents climate change. Each department of the company conducts business inventory and risk identification for climate change, including direct or indirect impacts due to extreme weather. Analyze the risks and opportunities of the company's operating activities due to the transformational impact of</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">Items Evaluated</th><th colspan="3">Status</th><th rowspan="2">Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td>(IV) Does the Company keep statistical data on the greenhouse gas emission volume, water consumption capacity and weight of solid wastes in the past two years, and made policies of energy saving and carbon reduction, greenhouse gas reduction, efficient use of water or the management of solid waste?</td><td>✓</td><td></td><td>regulations, technologies or market demands, as well as other human and social aspects. Make a risk management strategy plan based on the analysis results as the core of climate change action to estimate management costs and financial impact. Through the data collected above, strengthen the company's climate change governance and systematically assess financial linkages to reduce risks and seize opportunities.

<table>
<tr><th>Risk Category</th><th>Identification of climatechange risk</th><th>Identification on climate change opportunity</th><th>Possible business development for the company's operation</th></tr>
<tr><td>Power Source</td><td>Reward and punishment policy</td><td>Replace the old and high-energy-consuming equipment.</td><td>The company's production process needs to consume a lot of electricity; therefore we are planning to promote solar power in recent years. At that time, the company will use solar power to reduce carbon emissions.</td></tr>
<tr><td>Products and Services</td><td>Low-carbon products and services</td><td>Evaluate the electricity of introducing green power generation by installing solar panels on the factory’s roof. Reduce the negative impact of energy consumption on the environment.</td><td>Both the company and European and American customers take the harm to the environment during the production and sales process seriously. Using solar energy to protect the earth.</td></tr>
</table>
(IV) The total amount of greenhouse gas emission volume, water consumption capacity and weight of solid wastes in the past two years are as follows:

<table>
<tr><th>Items</th><th>Main content</th><th>2024</th><th>2023</th></tr>
<tr><td>General business waste (ton)</td><td>Wooden crates, pallets, household waste, etc.</td><td>90</td><td>30</td></tr>
<tr><td>Hazardous industrial waste (ton)</td><td>Waste oil, paint residues, sludge, lubricating oil</td><td>-</td><td>12</td></tr>
<tr><td>Recyclable waste (ton)</td><td>Activated carbon, plastic, cardboard boxes, tin/aluminum cans</td><td>140</td><td>199</td></tr>
</table></td><td>(IV) Consistent</td></tr>
</table>

Items Evaluated	Status: Yes	Status: No	Status: Brief Explanation	Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
			(see below)	

Reusable (R type, ton)	Aluminum slag, aluminum shavings, copper wire, copper cutoffs, iron shavings, and scrap iron	326	318
Weight of wastes (ton)		556	559

Details on greenhouse gas emission volume :

Items	Scope	Usage	CO2 emission (ton)	
			2024	2023
Liquified natural gas	1	Die-casting melting furnace	1,416.10	1,295.80
Gasoline and diesel oil	1	Stacker, official vehicle	124.98	125.39
Liquefied petroleum gas	1	Bathrooms in dorms, kitchen, and welding	8.05	9.27
Fugitive carbon dioxide	1	Septic, air conditioner, fire extinguisher、	128.28	308.13
Electricity	2	Electricity for office and production	3,465.69	3,564.88
Total amount of greenhouse gas emission volume			5,143.10	5,303.47

I. Energy and environmental policy:
Achieve the goal of continuous operation by reducing emissions, green purchasing, green production and eco friendly. Reducing waste generation during the production process, prioritizing the purchase of raw materials with the least harm to the environment, managing energy-consuming equipment and increasing low energy-consuming production, and strictly disposing of the waste generated in the production process according to the operation permit are the implementation principle.

II. The important performance of energy, water resource and greenhouse gas in 2024 and 2023 is as follows:

Goal		Performance item	2024	2023
Energy management - Electricity consumption	The energy conservation rate (annual average per NT$1 million in	Purchased electricity (kWh)	7,237,242	7,449,241
		Electricity intensity	2,422	2,205

Items Evaluated	Status: Yes	Status: No	Status: Brief Explanation	Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
			(see table and text below)	

	revenue) > 1%	The energy conservation rate (%)	9.83	13.28
Energy management - LNG	The gas conservation rate of natural gas intensity (annual average per NT$1 million in revenue) > 1%	Natural gas (LNF, kWh)	753,164	689,180
		Gas intensity	252	204
		The gas conservation rate (%)	23.55	31.66
Water resource management	The water conservation rate of water intensity (annual average per NT$1 million in revenue) > 1%	The total water consumption (kWh)	35,430	48,812
		Water intensity	11.86	14.45
		The water conservation rate (%)	(17.94)	64.83
Greenhouse gas management	The carbon reduction rate of carbon intensity (annual average per NT$1 million in revenue) > 1%	Carbon emission (Scope 1 and 2, in tons)	5,143	5,303
		Carbon intensity	1.72	1.57
		The carbon reduction rate (%)	9.63	14.33

Note: Annual electricity intensity=The total electricity consumption of the annual average revenue per million
Annual gas intensity=The total LNG consumption of the annual average revenue per million
Annual water intensity=The total water consumption of the annual average revenue per million
Annual carbon intensity=The total carbon emission (in tons) of the annual average revenue per million

III. Quantitative management of energy saving and carbon reduction

(I) Energy conservation policy

The main energy consumption of the company is mainly electricity and liquefied natural gas. In terms of energy saving, the electricity consumption of production unit is reduced gradually by means of continuous monitoring system and independent management of production units to achieve the goal of efficient use of energy. Aim for a 5% decrease in the annual overall electricity consumption intensity (total electricity consumption/million NTD revenue) and annual overall carbon intensity (total carbon emissions/million NTD revenue) is targeted to decrease by 5%. Specific actions are as follows:

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			1. Update production machines and adopt the principle of campaign production. (1)Prioritize the production of new machines. For newly purchased machines, the priority is to install energy-saving frequency conversion modules. And old machines will be updated and installed one after another. To reduce electricity consumption, prioritize the production schedule of machines with higher efficiency, then the older machines. (2) To reduce air pollution, the boiler for die-casting has been changed from fuel to gas. The production department establishes a factory to transport the finished products to the shipping warehouse. Replacing stacker handling with automatic conveyor belt to reduce air pollution.Starting from 2018, the plastic injection molding machines and air compressors used in the factory production have been replaced from fixed frequency to variable frequency, resulting in energy savings. (3) The operation of machines is mainly based on the estimated production amount to improve utilization. Focus on high-efficiency machine production, and reduce low-efficiency production to reduce greenhouse gas emissions. 2. Office energy conservation policy (1) The temperature of Indoor air conditioning is 26~28°C. (2) Lights off after finishing lunch during lunch break. After getting off work, turns off the power of each department. (II) Using green energy in the future to reduce carbon emissions. The company deeply recognizes the importance of energy conservation and carbon reduction to the environment. Assessing the installation of solar panels to generate electricity with the existing factory roof rental. And will use solar power at that time. IV. Water resources management In response to global climate change, water supply stabilization has become a problem faced by each country. Aim for a 5% reduction in annual overall water intensity (total water use/million USD) and expect to take action to face the challenge of climate change together with companies all over the globe. Specific practices are as follows: 1. To make the best use of water resources, the production line is treated by wastewater recycling. 2. Office: If water leakage occurs, please contact the public work unit to deal with the problem. V. Environmental management The company conducts pre-planning and evaluation, implementation and operation through methods such as the “Safety and Hygiene Practice Code”. And implement post-event audits and corrective actions to continuously improve the impact on the environment afterward to consistently improve the impact on the environment. Meanwhile, committed to	

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			environmental policies such as pollution prevention and continuous improvement, and promoting environmental management improvement policies. Establish indicators that are in accordance with environmental law for monitoring the reduction of all kinds of on-site process waste, such as on-site oily smoke, and noise. Committed to waste source reduction, process waste reduction and recycling. To reduce the impact on the environment, execute the qualification review and management of waste removal and disposal manufacturers according to law to ensure that waste is properly disposed of. The wastes produced by operations are mainly process wastes and general business wastes. The recycling, clearing and disposal of wastes in each plant area are entrusted to the licensed operators. For non-recycling general business waste, the final disposal site is incinerators. For process waste, after being legitimately handled by the trustee and the final disposal site will be a landfill. Manage contractors through a contractual mechanism to monitor compliance with relevant waste regulations. No default occurred and also no leakage of oil, fuel, chemicals, or waste. The key project of the costs of wastewater and waste treatment includes sewage treatment plant equipment maintenance and update, coagulation-sedimentation disinfectant, water quality testing, sludge removal and treatment, outsourced waste removal, etc. Specific actions are as follows: 1.Encourage employees to participate in resource recycling, including the recycling of plastics, waste paper, glass bottles and cans, to reduce waste. 2.Purchase of wet scrubber and active carbon adsorption equipment to filtrate particulate matter and absorb volatile gases, further improving the stability of waste treatment efficiency. 3.Entrust an external unit to inspect the working environment, including noise and chemical substances every year to maintain the safety and health of the working environment of employees. VI. Implementation of the policy 1. Occupational Safety and Health Management The company protects the occupational safety and health of all employees, including holding regular labor safety and health seminars, etc. Improve employees' safety and health at work and through the "Safety and health work code" and other measures to find out the safety and health risks, further reduce the possibility of accidents by protecting the security of employees and complying with government regulation. 2. Education training The company values the functions and on-the-job training of all	

<table>
<tr><th rowspan="2">Items Evaluated</th><th colspan="3">Status</th><th rowspan="2">Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason</th></tr>
<tr><th>Yes</th><th>No</th><th>Brief Explanation</th></tr>
<tr><td></td><td></td><td></td><td>employees. The company provides various training courses for new employees, full-time staff, managers, etc. Consistently improve the core functions of all colleagues through internal and external training resources.
3. Health check consultation
The company cares about every employee’s mental and physical health. In addition to holding a health check every two years, also provide health consultation and follow-up management after the health check to ensure the health of all employees. At the same time, advocates health promotion that provides all employees with information on activities to enhance physical and mental development and relieve stress. Holding weight loss and other activities from time to time to encourage employees to pay attention to weight management.
4. The company's products are all exported, and domestic invoices are not provided. To reduce the consumption of paper, the delivery documents to customers are sent in electronic form.
5.The company's human resources system (leave of absence, attendance, etc.) and procurement system will promote verification in electronic forms to reduce paper consumption.
6. Encourage employees to engage in garbage sorting and recycling to reduce the amount of garbage.
7.Encourage employees to use reusable containers instead of single-use plastic packaging.</td><td></td></tr>
<tr><td>IV. Social issue
(I) Does the company formulate relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?</td><td>✓</td><td></td><td>(I) The company supports and abides by the Universal Declaration of Human Rights, the United Nations Global Compact, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business Conduct, and other fundamental human rights principles. The Company also follows the Responsible Business Alliance (RBA) Code of Conduct and complies with the legal regulations of the locations where it operates globally.:
• Prohibit child labor.
• Prohibit compulsory labor.
• Prohibit mandatory measures, such as sexual harassment, corporal punishment, bullying, etc.
• Oppose discrimination and ensure equal job opportunities.
• Provide a safe and healthy work environment.
• Assist employees in staying a healthy mental and physical status and strike a balance between work and life.
Relevant actions:
• Provide different security training to different employees, such as fire training, emergency response training, safety and health education and training, etc.
• Recruitment does not discriminate in any form.
• Child labor under the age of 15 has been excluded from the selection of candidates and there is no employed child labor.</td><td>(I) Consistent</td></tr>
</table>

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			• No identification documents will be withheld for personnel reporting. There is no need to pay any fees in advance. • Hold labor-management meetings and production meetings regularly to fully implement labor consultation. • Implement workplace bullying prevention campaigns to help employees understand and prevent workplace bullying, creating a friendly working environment. • Establish sexual harassment prevention measures, and grievance procedures and will be publicly disclosed • Hold recreational activities that extend to family members, such as dinner activities, colleagues' travel, etc. • Promote colleagues to assist in proposals to prevent or solve the related reasons that affect one's personal job performance, such as adaptation to work, relationships, health concerns, etc.	
(II) Does the company formulate and implements reasonable employee benefit measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects the operating performance or achievements on employee remuneration?	✓		(II) The Company establishes its employee remuneration policy in accordance with relevant labor laws and by referencing market salary levels. Remuneration is determined based on job grade, educational background, work experience, professional skills, seniority, capabilities, workload, and performance. Upholding the principle of sharing business achievements with employees, the Company reviews its remuneration structure annually, taking into account organizational development, business performance, and market salary trends, and formulates salary adjustment and promotion plans accordingly. Furthermore, year-end bonuses and performance incentives are designed based on revenue, profit achievement rates, and annual growth. In accordance with the Articles of Incorporation, when there is a profit for the year, no less than 1% is allocated as employee remuneration. To recognize outstanding performance or special contributions, the Company also grants additional bonuses as a form of encouragement. The Company integrates its bonus system with the performance appraisal mechanism, which serves as a key basis for determining bonus amounts, salary adjustments, promotions, and job suitability. To comprehensively evaluate each employee's performance and potential, the Company designs appraisal criteria based on job functions, covering both work objectives and developmental goals. These goals are jointly set by employees and their immediate supervisors, with performance evaluations conducted quarterly. Outstanding performers are further rewarded through incentive measures, while employees whose performance needs improvement receive timely feedback and appropriate coaching from supervisors. This approach aims to enhance individual work efficiency and foster mutual growth between employees and the Company. In 2024, the Company provided salary adjustments to both managerial and non-managerial employees who demonstrated outstanding performance. In addition, employees with excellent performance received a Lunar New Year bonus of no less than one month's salary. Amid continued business growth, the Company firmly believes that offering a competitive and well-structured compensation system is a key driver for	(II) Consistent
(III) Does the company provide employees with a safe and healthy working environment and conduct regular safety and health education for employees?	✓			(III) Consistent
(IV) Does the company establish an effective career development training program for employees?	✓			(IV) Consistent
(V) For customer health and safety, customer privacy, marketing and labelling of products and services, does the company follow relevant regulations and international standards, and formulate relevant consumer protection policies and grievance procedures?	✓			(V) Consistent

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			sustaining employee motivation and achieving outstanding business performance. Furthermore, the Company provides subsidies for employee travel expenses and regularly organizes team-building activities such as company outings, barbecues, and hiking events to enhance employee well-being and promote workplace cohesion. (III) The company provides necessary health and first aid facilities for employees. Implement safety and health education from time to time, and provide warning labels to the environment of safety concerns. Committed to reducing elements that might harm employees' safety and health to prevent work accidents. (IV) The company regularly organizes education and training programs, including pre-employment training, and on-the-job training and assigns appropriate employees to participate in the knowledge and skills courses required for the job. (V) 1. Products and services: The company values the health and safety of customers, and strictly and carefully checks every stage of products, such as design and manufacturing. It also provides product after-sales service warranty that meets local regulated years. Continue to develop safe and user-friendly products and improve the manufacturing process in accordance with environmental trends and protect the health of customers. 2. Customer privacy: (1) The company establishes an information security policy, continuously strengthens the concept of information security protection, updates computer information management methods from time to time and invites information security companies for inspection and make sure weaknesses of websites and systems are being found in a timely manner to maintain the information security and customer privacy. Introduced FortiClient and ESET respectively as firewall and anti-virus information security protection, strengthen the endpoint security of personal computer and protect personal computers from being attacked by hackers. Please keep the mail intact to ensure that all internal and external mails are kept intact. Enhance the information security project and introduce the secure email system to strengthen email protection and security. (2) The intellectual property and business secrets of brand	

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
(VI) Does the company establish a supplier management policy that requires suppliers to follow relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and what is the implement status?	✓		OEM customers are protected through the establishment of a document management center to encrypt and protect the data with file encryption software according to the level of confidentiality. Data management and authority controlled by specific personnel and minimize the risk of information leakage. Regulate USB to avoid the risk of employee personal privacy or company secrets being leaked. 3. Marketing and Labeling: (1) In addition to providing customer brand OEM manufacturing, the company has its own brands Delta, SHOPMASTER, HOMECRAFT. According to the characteristics of each brand, promote it to various markets with an overall marketing strategy. You can have a basic understanding of the product if you can recognize the labels and through these labels understand the company's product characteristics. (2) All the products acquired the certification from the safety testing and identification agency specifications of the customer or sales area, such as Underwriter Laboratories Inc., Canadian Standards Association and Conformity European and attach warning labels, model nameplates, ON-OFF labels, UL/CSA or CE certification labels on the products. The outer packaging box is marked in compliance with the relevant regulations of environment, society and safety use and provide detailed instruction in local languages inside the packaging box. 4. Customer complaint handling mechanism (1) Headquarters' customer service phone number and EMAIL is provided on the company's official website - customer support area; The website of the US subsidiary provides customer service and the EMAIL and telephone number of the outsourced maintenance station. In the United States, the company's principal market, the subsidiaries set up customer service personnel to provide consultation and assistance to solve common product questions and rights consultation channels. (2) Follow local customer protection policies and accept customer dissatisfaction returns for any reason. (3) The company takes customer feedback seriously. The analytical format of the report is written in 8D steps. Fully communicate the report content with customers and horizontally expand effective countermeasures to other varieties with similar structures. "Avoiding the recurrence of similar defects" is the important goal of handling customer complaints. (VI) Under the premise of ensuring product quality. Acquire raw materials by means of using non-toxic and harmless raw materials, localized procurement, no child labor, no violation of basic human rights, environmental protection, occupational safety and health act. Prioritize the procurement of raw materials with low impact on the environment to achieve the purpose of protecting the environment and product safety. The Company stipulates in the "procurement procedure",	(VI)Consistent

Items Evaluated	Status			Variation from the Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies, and the reason
	Yes	No	Brief Explanation	
			supplier evaluation and supplier contract that the material shall not violate green environmental regulations, such as containing ROHS、REACH、WEEE. Require third-party manufacturers to declare and agree to ensure that all materials and material supply chains have been reasonably checked for violations of basic human rights, environmental protection, occupational safety and health act and Included in the "third-party production contract". The Company also regularly implements supplier evaluation and regularly and irregularly holds meetings with suppliers for evaluation. Concerned about whether suppliers have a record of affecting the environment and social responsibility and work together to implement corporate social responsibility, and found no abnormal situation.	
V. Does the company refer to the internationally accepted reporting standards or guidelines to prepare corporate social responsibility reports and other reports that disclose the company's non-financial information? Does the previous disclosure report has obtained the conviction or assurance opinion of the third-party verification unit?	✓	✓	The Company discloses the systems and measures adopted for social responsibility and the fulfillment of social responsibility in the annual report. The information will be announced on the public information observatory in a timely manner. The company's website has not disclosed corporate social responsibility related information.	The Company will discuss and handle it according to actual needs.
VI. If the Company has established its corporate social responsibility code in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/ TPEx Listed Companies", please clarify the difference between its operation and the established code. The company's corporate social responsibility practice code and related regulations are still under development.				
VII. Other important information that can help understand the operation of Corporate Social Responsibility: (I) Eco-friendly, security and health: Environmental protection equipment that conforms to government regulation has been installed and advocates labor safety education and training. (II) Consumer rights: Already purchased product liability insurance. (III) Community Participation, Social Contribution, Social Service, Social Welfare, Human Rights: The company always spared no effort in providing social care and emergency assistance. Donate to the Taiwan Fund for Children and Families (TFCF) on a monthly basis, and also provide financial support from time to time for promoting community development and social responsibility.				

(VI) Practice of ethical corporate government and the variation with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reason

Items of evaluation	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Explanation	
I. Establishment of the ethical corporate management policy and action plans				

Items of evaluation	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Explanation	
(I) Has the Company made policies of ethical corporate management passed by the Board, and explicitly stated the ethical corporate management policy and related action plans, and the commitment of the Board and the senior management in the proper pursuit of the ethical corporate management policy?	✓		(I) The Company has established the "Operating Procedures and Behavioral Guidelines for Integrity" as a commitment to the implementation of its operating policy and has published its operating philosophy on its official website to make clear its policy of operating with integrity.	(I) Consistent.
(II) Has the Company developed the mechanisms for the assessment of the risk of unethical practices, and conducted analysis and assessed the kind of business activities vulnerable to the risk of unethical practices within the scope of operation at regular intervals, and mapped out the solution for preventing such practices covering at least the preventive measures as stated in Paragraph 2 under Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) The Company has established the "Code of Conduct and Integrity Practices" which prohibits directors, managers and all employees of the Company from engaging in business activities that pose a higher risk of dishonest conduct than those described in paragraph 2 of Article 7 of the " Ethical Corporate Management Best Practice Principles for TWSE /GTSM Listed Companies " or other business activities within the scope of the Company's business.	(II) Consistent.
(III) Has the Company mapped out the solution for preventing unethical practices, and specified the operation procedures, code of conduct, penalty on violation and the system for complaints in the solutions, and properly implemented the plans with routine review and revision of the aforementioned solutions?	✓		(III) The Company has established the " Code of Conduct and Integrity Practices " as a standardized approach to prevent dishonest behavior for its employees to follow and implement.	(III) Consistent.
II. Practice of ethical corporate management (I) Has the Company assessed the record of integrity on the counterparties of trade, and explicitly stated the integrity clause in the contracts binding the counterparties and the Company?	✓		(I) After confirming the cooperation with the supplier, the company will require the other party to sign a contract as a sign of compliance with the relevant integrity requirements set by the Company.	(I) Consistent.
(II) Has the Company established a designated body charged with the advocacy of business integrity under ethical corporate management on a full-time (part-time) basis under the direct supervision of the Board, and report to the Board of the ethical corporate management policy and the plans for prevention of unethical practices with monitoring on the enforcement of the plans at regular intervals (at least once a year)?	✓		(II) The Company's Corporate Integrity Unit is the head of corporate governance under the Board of Directors and is responsible for promoting the fulfilment of social responsibility in the area of corporate integrity in accordance with the scope of its duties. The Board of Directors reports annually on 21 January 2025 on its program and oversees its implementation and no anomalies were noted.	(II) Consistent.
(III) Has the Company established the policies for the avoidance of the	✓		(III) The Company sets a customer complaint handling standard and	(III) Consistent.

<table>
<tr><th rowspan="2">Items of evaluation</th><th colspan="3">The pursuit</th><th rowspan="2">Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Explanation</th></tr>
<tr><td>conflict of interest and appropriate channels for expression, and properly pursued these policies?

(IV) For the proper pursuit of ethical corporate management, has the Company established an effective accounting system and internal control system, with related audit plans designed by the internal audit function on the basis of the findings of the assessment on the risk of unethical practices basing on which audit on prevention of unethical practice will be conducted, or CPAs will be delegated for conducting the audit?

(V) Has the Company organized internal and external training on ethical corporate management at regular intervals?</td><td>

✓</td><td>

✓</td><td>customer feedback processing procedures to prevent conflicts of interest.

(IV) The Company has formulated an internal control system in accordance with the regulations, and the implementation of relevant operating specifications should be checked by Auditors through spot checks on compliance with the audit plan.

(V) The Company currently promotes integrity to its employees, but no regular training is provided.</td><td>

(IV) Consistent.

(V) The Company will consider the matter depending on the need of the Company.</td></tr>
<tr><td>III. The functioning of the informing and complaint system of the Company
(I) Has the Company established the informing and complaint system and channels for facilitating informing and complaint, and appointed designated personnel to appropriately handle the personnel accused of unethical practice?

(II) Has the Company established the standard operation procedure for processing reports and complaints, the actions to be taken after the investigation, and the mechanisms of confidentiality?

(III) Has the Company taken appropriate measures for the protection of the informants from undue treatment due to reporting on illegal or unethical practice?</td><td>✓

✓

✓</td><td></td><td>(I) The head of the management department of the company is the unit that accepts complaints. If the complaint has been verified to be true, will be punished or rewarded according to the company's "Reward and Punishment Management Measures".

(II) According to the "Guidelines for Integrity Operation Procedures and Behaviors" established by the company, the identity and content of the whistleblower will be kept confidential.

(III) According to the "Guidelines for Integrity Operation Procedures and Behaviors" established by the company, the company has taken measures to protect whistleblowers from being mistreated due to whistleblowing.</td><td>(I) Consistent.

(II) Consistent.

(III) Consistent</td></tr>
<tr><td>IV. Enhanced Information Disclosure
Has the Company disclosed the content of its Ethical Corporate Management Best Practice Principles and the result of implementation at its official website and MOPS?</td><td>✓</td><td></td><td>The Company has set up a website and disclosed the information relating to its integrity in its annual report as required.</td><td>Consistent.</td></tr>
<tr><td colspan="5">V. If the Company has established its Ethical Corporate Management Best Practice Principles in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, specify the practice and variation from the principles:
The Company is committed to integrity and requires all staff to comply with relevant laws and regulations in the conduct of its business. Any deviations from the Code of Conduct will be progressively considered as necessary.</td></tr>
</table>

Items of evaluation	The pursuit			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary Explanation	
VI. Other important information helpful for understanding the integrity of the company's operations (e.g., review of the revision of its Code of Conduct on Integrity, etc.): None.				

(VII) Corporate Governance Code of Practice for Disclosure Enquiries: Please refer to (III) for a description of the operation of corporate governance in point 7.

(VIII) Other important information that would enhance understanding of the operation of corporate governance may be disclosed together with: The Company has a code of ethical conduct which serves as a guideline for directors, supervisors, managers and employees of the Company in the conduct of their business on behalf of the Company.

(IX) Required disclosure of the status of implementation of the internal control system:

1. Statement of Internal Control: Please refer to the next page.
2. Where a company is required by the Securities and Futures Bureau (SFB) to appoint an accountant to conduct a project to review the internal control system, the CPA's review report should be disclosed: Not applicable.

CHANG TYPE INDUSTRIAL CO., LTD.

Declaration of Internal Control

Date: 6 March 2025

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during 2024:

I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Internal control system is designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency and regulatory compliance of our reporting, and compliance 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 stated objectives. 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" (hereinafter "the Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.

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 and regulatory compliance of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Declaration 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. This Declaration was passed by the Board of Directors in their meeting held on 6 March 2025, with none of the 7 attending directors expressing dissenting opinions, and the remainder all affirming the content of this Declaration.

CHANG TYPE INDUSTRIAL CO., LTD.

Chairman: CHANG, CHIN-CHIN

President: CHANG, CHIN-CHIN

(X) From the most recent fiscal year up until the date of publication of the Annual Report, explain any legal penalty against the company or its internal personnel, or any disciplinary actions by the company against its personnel for violation of the internal control system, where the result of such penalty could have a material effect on shareholder equity or securities prices, the penalty, material deficiencies, and condition of improvement shall be disclosed: None.

(XI) Material resolutions at the Board Meeting and Shareholders' Meeting in the most recent year and up to the date of publication of the annual report:

1. 21 June 2024 Regular shareholders' meeting
   (1) Approved the proposal of 2023 annual business report and financial statement.
   (2) Approved the proposal of 2023 profit distribution.
   Implementation Status: The Earnings of 2023 have been resolved to distribute a cash dividend of $0.5 per share.
   (3) Approved amendments to part of the articles of the Company's "Procedures for loaning funds to others"
   Implementation Status: Implemented after the resolution of the shareholders' meeting was passed.
   (4) Approved amendments to certain provisions of the Company's "Articles of Incorporation".
   Implementation Status: Implemented after the resolution of the shareholders' meeting was passed.
2. 22 January 2024 Board meeting
   (1) Report on the intellectual property management plan for 2023 and the implementation status.
   (2) Report on the implementation status of the risk management for 2023.
   (3) Report on the implementation status of ethical corporate management for 2023.
   (4) Report on the execution status of greenhouse gas inventory for 2023.
   (5) Approved distribution of year-end bonuses for 2023.
   (6) Approved recognition of past due accounts receivables from subsidiaries not being classified as loaning of funds case as of December 2023.
   (7) Approved amendments to part of the articles of the Company's "Articles of Incorporation".
3. 14 March 2024 Board meeting
   (1) Report on the board performance evaluation.
   (2) Approved 2023 employees, directors and supervisors compensation distribution.
   (3) Approved 2023 business report and financial statements.
   (4) Approved the company's 2023 annual operating plan.
   (5) Approved 2023 earnings distribution case.
   (6) Approved 2023 statement of internal control.
   (7) Approved evaluation of the independence and suitability of the Company's CPA for 2024.
   (8) Approved the addition of providing loans to the Company's subsidiaries.
   (9) Approved matters related to the convening of the 2024 annual general meeting of shareholders of the company.
   (10) Approved operation process for accepting shareholder proposals at the 2024 annual general meeting of shareholders.
4. 6 May 2024 Board meeting
   (1) Report on the execution status of directors, supervisors, and managers' liability insurance coverage.
   (2) Report on the Company's consolidated financial statement of Q1 2024.
   (3) Approved extension of the short-term financing loan limit through financial institutions.
5. 7 August 2024 Board meeting
   (1) Approved financial report for the first half of 2024.
   (2) Approved review of the allocation details for the remuneration of employees (managerial officers) and directors in 2023
   (3) Approved recognition of past due accounts receivables from subsidiaries not being classified as loaning of funds case as of June 2024.
6. 1 November 2024 Board meeting
   (1) Approved financial report first three quarters of 2024.
   (2) Approved the audit plan for 2024.
   (3) Approved recognition of past due accounts receivables from subsidiaries not being classified as loaning of funds case as of September 2024.
   (4) Approved the Company's "Sustainability Information Management Guidelines" and "Internal Control System – Sustainability Information Management".
   (5) Approved the amendment to the short-term financing loan limit through financial institutions.

7. 21 January 2025 Board meeting
(1) Report on the intellectual property management plan for 2024 and the implementation status.
(2) Report on the implementation status of the risk management for 2024.
(3) Report on the implementation status of ethical corporate management for 2024.
(4) Report on the execution status of greenhouse gas inventory for 2024.
(5) Approved the distribution of year-end bonuses for 2024.
(6) Approved recognition of past due accounts receivables from subsidiaries not being classified as loaning of funds case as of December 2024.
(7) Approved evaluation of the independence and suitability of the Company's CPA for 2024 based on AQI and other relevant standards.
(8) Approved amendments to certain provisions of the Company's "Corporate Governance Best Practice Principles".
(9) Approved amendments to certain provisions of the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties".
8. 6 March 2025 Board meeting
(1) Report on the board performance evaluation.
(2) Approved 2024 employees, directors and supervisors compensation distribution.
(3) Approved 2024 business report and financial statements.
(4) Approved the company's 2024 annual operating plan.
(5) Approved 2024 earnings distribution case.
(6) Approved 2024 statement of internal control.
(7) Approved amendments to certain provisions of the Company's "Articles of Incorporation".
(8) Approved the capital reduction plan of subsidiary Delta Power Equipment Corporation.
(9) Approved the full re-election of directors and the nomination of director (including independent director) candidates
(10) Approved the release of non-competition restrictions on newly elected directors and their representatives.
(11) Approved matters related to the convening of the 2025 annual general meeting of shareholders of the company.
(12) Approved operation process for accepting shareholder proposals at the 2024 annual general meeting of shareholders.
9. 5 May 2025 Board meeting
(1) Report on the execution status of directors, supervisors, and managers' liability insurance coverage.
(2) Report on the Company's consolidated financial statement of Q1 2025.
(3) Approved extension of the short-term financing loan limit through financial institutions.
(4) Approved recognition of past due accounts receivables from subsidiaries not being classified as loaning of funds case as of March 2025.

(XII) Major contents of any dissenting opinions on record or stated in a written statement made by Directors or Supervisors regarding material resolutions of the Board Meeting in the most recent year up to the publication date of this Annual Report: None.

IV、Information on Fees of Certified Public Accountant

CPA Engagement Details

Accounting Firm	CPA Name		Audit Period	Note
Ernst & Young CPA Firm	Wen-Chen Lo	Yu-Ting Huang	January 1, 2024 to December 31, 2024	-

CPA Fees Tiers

Unit: NT$1,000

TIER \ Types of CPA Fees		Audit Fees	Non-Audit Fees	Total
1	Below 2,000	-	ˇ	-
2	2,000 (inclusive) – 4,000	ˇ	-	ˇ
3	4,000 (inclusive) – 6,000	-	-	-
4	6,000 (inclusive) – 8,000	-	-	-
5	8,000 (inclusive) – 10,000	-	-	-
6	10,000 and above	-	-	-

Detailed CPA Remuneration Information

Unit: NT$1,000

Accounting Firm	CPA Name	Audit Fees	Non-Audit Fees					Audit Period	Note(note1)
			System Design	Business Registration	Human Resources	Others (note2)	Total		
Ernst & Young CPA Firm	Wen-Chen Lo Yu-Ting Huang	1,970	-	80	-	105	2,155	113.01.01 ~ 113.12.31	Includes NT$100K for audit and inventory travel expenses,and NT$5K forshareholder meeting travel expenses.。

note1：If the Company has changed its CPA or CPA firm during the year, the respective audit periods should be disclosed separately. The reason for the change must be stated in the remarks column, along with details of the audit and non-audit fees paid before and after the change.
Status: Not applicable.

note2：Non-audit fees must be itemized by service category. If the "Others" category accounts for 25% or more of the total non-audit fees, the nature of those services must be specified in the remarks column.

(三) Additional Disclosures:

(a) If non-audit fees paid to the CPA, their firm, or any affiliates exceed one-fourth of the audit fees, the amounts and service details must be disclosed. No such case.

(b) If there was a change in the CPA firm and the audit fee for the year of the change is lower than that of the previous year, both amounts and reasons for the decrease must be disclosed. No such case.

(c) If the audit fee decreased by 10% or more compared to the previous year, the decrease amount, percentage, and reason must be disclosed. No such case

V. Information on Replacement of CPAs: None.

VI. In case the Chairman, President, Chief Financial Officer or Chief Accounting Officer of the Company who has been employed by the CPA firm retained for services or its affiliate, disclose the name, title, and the duration of employment by the CPA firm or its affiliate: None.

VII. In the previous period to the date this report was printed, the transfer of shares or changes in the pledge of shares under lien by the Directors, Managers, and shareholders holding more than 10% of the shares issued by the Company

(I) Status of changes in equity:

Title	Name	2024		As of 8 April 2025	
		Holding Increase (decrease)	Pledged Holding Increase (decrease)	Holding Increase (decrease)	Pledged Holding Increase (decrease)
Chairman	CHANG, CHIN-CHIN	-	-	-	-
Director	CHANG, HSIANG-I	-	-	-	-
Director	LUO, SHU-DUAN	-	-	-	-
Independent Director	LIN, HSIU-MEI	-	-	-	-
Independent Director	CHEN, YONG-YAO	-	-	-	-
Independent Director	KO, CHEN-EN	-	-	-	-

Title	Name	2024		As of 8 April 2025	
		Holding Increase (decrease)	Pledged Holding Increase (decrease)	Holding Increase (decrease)	Pledged Holding Increase (decrease)
Independent Director	WANG, MING-JHIH	-	-	-	-
Manager of Finance Department	CHANG, CHIN-HUA	-	-	-	-

(II) Information on the counterparty of the equity transfer who is a related party: None.

(III) Information on the counterparty of the equity pledge as a related person: None.

VII. The top 10 shareholders by proportion of shareholding are related parties, spouse, kindred within the 2nd tier to one another

8 April 2025

Name	Shares Held		Shares Held by Spouse & minors		Shares Held in the Name of Others		If the top 10 shareholders by proportion of shareholding are related parties, spouse, kindred within the 2nd tier to one another, specify the names and relation.		Remark
	Shares	%	Shares	%	Shares	%	Title (or name)	Relationship	
CHANG, CHIN-CHIN	18,080,201	22.94%	11,549,766	14.66%	-	-	LIU, HSIU-YUEH CHANG, HSIANG-I CHANG, QUN-YU CHANG, YA-LING CHANG, YA-HUI Kun Dun Company Yan Shih Company Hong Guan Investment Co., LTD Dong Li Investment Co., LTD	Spouse Father & daughter Father & son Brother & sister Brother & sister Person in charge itself The person in charge is the spouse The person in charge is within third-tier relatives The person in charge is within second-tier relatives	-
LIU, HSIU-YUEH	11,549,766	14.66%	18,080,201	22.94%	-	-	Same as CHANG, CHIN-CHIN 's description above		-
CHANG, HSIANG-I	7,090,569	9.00%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-
CHANG, QUN-YU	6,937,444	8.80%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-
E-SUN Bank is entrusted to custody the investment account of Kun Dun International Limited Representative: CHANG, CHIN-CHIN	4,752,351	6.03%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-
	18,080,201	22.94%	11,549,766	14.66	-	-	Same as CHANG, CHIN-CHIN 's description above		-
Dong Li Investment Co., LTD Representative: CHANG, JING-LUN	4,281,400	5.43%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-
	578,627	0.73%	219,002	0.28%	-	-	Same as CHANG, CHIN-CHIN 's description above		-
Hong Guan Investment Co., LTD Representative: WANG YU-TING	3,257,400	4.13%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-
	259,951	0.33%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-
CHANG, YA-LING	3,046,555	3.87%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-
E-SUN Bank is entrusted to custody the investment account of Yan Shih International Investment Limited Representative: LIU, HSIU-YUEH	2,690,271	3.41%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-
	11,549,766	14.66	18,080,201	22.94%	-	-	Same as CHANG, CHIN-CHIN 's description above		-
LIANG, FANG-YU	970,000	1.23%	-	-	-	-	Same as CHANG, CHIN-CHIN 's description above		-

VIII. The quantity of shares issued by particular investee company held jointly by the Directors, Managers, and direct or indirect controlled entity of the Company, and the proportion of shares under joint holding

Unit: share; %

Reinvestment Business	Investment of the Company		Investment of the Directors, Managers or direct or indirect controlled business		Overall investment	
	Shares	%	Shares	%	Shares	%
Delta Power Equipment Corporation	6,510	100%	-	-	6,510	100%

III. Status of fundraising

I. Capital stock and shares of the Company

(I) Sources of capital

23 April 2024

Year /month	Offering price ($)	Authorized capital		Capital Stock		Remark		
		Number of shares (1,000 shares)	Amount (NT$1,000)	Number of shares (1,000 shares)	Amount (NT$1,000)	Sources of capital	Non-cash investment in kind	Others
1989/4	10,000	2	20,000	2	20,000	Established in cash	None	None
1997/8	10,000	6	60,000	6	60,000	Raising capital by cash to NTD40,000 thousand	None	None
1998/11	10	12,800	128,000	12,800	128,000	Raising capital by cash to NTD51,800 thousand Capitalization of retained earnings into new shares amounting to NTD16,200 thousand	None	None
1999/6	10	19,800	198,000	19,800	198,000	Raising capital by cash to NTD70,000 thousand	None	None
1999/12	10	30,270	302,700	30,270	302,700	Raising capital by cash to NTD75,000 thousand Capitalization of retained earnings into new shares amounting to NTD29,700 thousand	None	None
2001/1	10	36,824	368,240	36,824	368,240	Capitalization of retained earnings into new shares amounting to NTD60,540 thousand Capitalization of employee bonus into new shares amounting to NTD5,000 thousand	None	None
2001/9	10	48,003	480,030	48,003	480,030	Capitalization of retained earnings into new shares amounting to NTD106,790 thousand Capitalization of employee bonus into new shares amounting to NTD5,000 thousand	None	None
2002/6	10	98,000	980,000	60,504	605,037	Capitalization of retained earnings into new shares amounting to NTD120,007 thousand Capitalization of employee bonus into new shares amounting to NTD 5,000 thousand	None	None

Year /month	Offering price ($)	Authorized capital		Capital Stock		Remark		
		Number of shares (1,000 shares)	Amount (NT$1,000)	Number of shares (1,000 shares)	Amount (NT$1,000)	Sources of capital	Non-cash investment in kind	Others
2003/6	10	118,000	1,180,000	67,217	672,166	Capitalization of retained earnings into new shares amounting to NTD63,529 thousand Capitalization of employee bonus into new shares amounting to NTD3,600 thousand	None	None
2004/6	10	118,000	1,180,000	68,239	682,388	Capitalization of retained earnings into new shares amounting to NTD6,722 thousand Capitalization of employee bonus into new shares amounting to NTD3,500 thousand	None	None
2004/9	10	118,000	1,180,000	68,278	682,778	Conversion of convertible bonds amounting to NTD390 thousand	None	None
2007/4	10	118,000	1,180,000	68,365	683,646	Conversion of convertible bonds amounting to NTD868 thousand	None	None
2008/10	10	118,000	1,180,000	71,783	717,828	Capitalization of retained earnings into new shares amounting to NTD34,182 thousand	None	None
2010/9	10	118,000	1,180,000	78,800	788,000	Capitalization of retained earnings into new shares amounting to NTD70,172 thousand	None	None

Note:1. Retroactive handling of public issuance procedures was approved and became effective upon receiving an approval letter from the Securities and Futures Bureau, Ministry of Finance with Letter Tai-Tsai-Cheng (Yi) No.94536 on 4 November 1999.
2. Approved under the Securities and Futures Commission, Ministry of Finance Letter Tai Tsai Cheng (Yi) No.58908 dated 10 July 2000.
3. Approved under the Securities and Futures Commission, Ministry of Finance Letter Tai Tsai Cheng (Yi) No.148759 dated 24 July 2001.
4. Approved under the Securities and Futures Commission, Ministry of Finance Letter Tai Tsai Cheng (Yi) No.127118 dated 7 May 2002.
5. Approved under the Securities and Futures Commission, Ministry of Finance Letter Tai Tsai Cheng (Yi) No.0920128946 dated 30 June 2003.
6. Approved under the Financial Supervisory Commission, Executive Yuan, Letter Jin-Guan-Cheng (Yi) Zi No.0930133367 dated 26 July 2004.
7. Approved under the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No.09301196990 dated 20 October 2004.
8. Approved under the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No.09601218740 dated 7 September 2007.
9. Approved under the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No.09701254240 dated 6 October 2008.
10. Approved under the Ministry of Economic Affairs Letter Jing-Shou-Shang-Zi No.09901216440 dated 27 September 2010.

Unit: share

Type of share	Stated capital			Remark
	Outstanding shares	Unissued shares	Total	
Common shares (Registered)	78,800,000	39,200,000	118,000,000	The outstanding shares are those listed on the Taiwan Stock Exchange

Information on the general reporting system

Type of negotiable security	Amount to be issued		Amount issued		Issuance purpose and expected benefits of the issued portion	Unissued portion scheduled issuance period	Remark
	Total number of shares	Approved amount	Number of shares	Price			
None	None	None	None	None	None	None	None

(II) Major Shareholders

The names of the dominant shareholders with a shareholding ratio of more than 5% or the shareholding ratio accounting for the top ten, the shareholding amount and ratio are as follows:

8 April 2025

Shares / Names of Major Shareholders	Shareholding	Shareholding Percentage
CHANG, CHIN-CHIN	18,080,201	22.94
LIU, HSIU-YUEH	11,549,766	14.66
CHANG, HSIANG-I	7,090,569	9.00
CHANG, QUN-YU	6,937,444	8.80
E-SUN Bank is entrusted to custody the investment account of Kun Dun International Limited	4,752,351	6.03
Dong Li Investment Co., LTD	4,281,400	5.43
Hong Guan Investment Co., LTD.	4,143,867	5.26
CHANG, YA-LING	3,050,555	3.87
E-SUN Bank is entrusted to custody the investment account of Yan Shih International Investment Limited	2,690,271	3.41
LIANG, FANG-YU	992,000	1.26

(III) Dividend policy of the Company and the distribution:

1. After the financial statement, the current year's earnings of the Company, if any, shall be distributed in the following order:
   a. Payment of all taxes and dues;
   b. Offset prior years' operation losses;
   c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
   d. Set aside or reverse special reserve in accordance with law and regulations; and
   e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

   When the statutory surplus reserve in Paragraph 1 has reached the company's paid-in capital, the statutory surplus reserve may not be set aside.

   The policy of dividend distribution is determined by the board of directors based on the factors such as operating planning, the investment plan, capital budgets and change of domestic and international environment. The Company operates in a capital-intensive industry and is currently in the stage of operational growth. It is necessary to reserve surplus funds to meet operational growth and investment needs. At this stage, a residual dividend policy is adopted. When the Company distributes the dividends in the preceding paragraph, the annual cash dividends to shareholders shall not be less than 5% of the total amount of cash and stock dividends distributed in the current year.

   When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by cash in compliance of Company Act. The board of directors is authorized to report to the shareholders' meeting with the attendance of more than two-thirds of the directors and the resolution of more than half of the directors present.
2. The proposed dividend distribution of this year (not yet approved by the shareholders' meeting): The board of directors of the Company passed a resolution on 6 March 2025 to set aside $ 8,559,955 as a statutory surplus reserve for the undistributed surplus as of the end of 2024 and a cash dividend of $39,400,000 for shareholders (a cash dividend of $0.5 per share).

(IV) The influence of the stock dividend proposed to this session of the Shareholder Meeting for release on the operation performance and earnings per share of the Company: Not applicable.

(V) Remunerations to employees and directors

1. The percentage and scope of remunerations to the employees, Directors and Supervisors of the Company as stated in the Articles of Incorporation.

   The percentage and scope of remuneration for employees, directors and supervisors set out in Article 30 of the Articles of Association of the Company are as follows:
   (1) Employee remuneration: If the Company has earnings after the annual account settlement, not less than 1% should be allocated
   (2) Director and supervisor remuneration: If the Company has earnings after the annual account settlement,

not more than 5% should be allocated

2. The basis for the estimation of the amount of remuneration to the employees, directors and supervisors in current period, the basis for the calculation of the quantity of shares for release to employees as stock dividend, and the accounting procedure if there is a difference between the actual amount of payment and the estimated amount: The remuneration of employees and directors and supervisors to be distributed by the Company in accordance with the Company Act and the Articles of Incorporation of the Company shall be estimated in advance when preparing the interim and annual financial statements in accordance with the Accounting Research and Development Foundation (96) Ji-Mi-Zi Interpretation Letter No. 052. The nature of the remuneration of employees and directors and supervisors is included as an appropriate accounting item under operating costs or operating expenses. If there is any discrepancy between the distribution amount determined by the shareholders' meeting and the estimated amount in the financial statements subsequently, it will be regarded as a change in the estimate and listed as the current profit and loss of the distribution. If part of the shareholders' meeting to assign employee remuneration is to distribute by shares, the basis for calculating the number of shares is based on the closing price on the day before the resolution of the shareholders' meeting and the impact of ex-rights and ex-dividends.
3. The remuneration passed by the Board:
   (1) Remuneration of employees and directors and supervisors distributed in cash or stock. If there is a discrepancy with the estimated amount in the year of recognition of expenses, the number of discrepancies, reasons and handling shall be disclosed: On 14 March 2024, the board of directors of the company approved the proposed distribution of cash dividends of NT$4,124,632 to employees and remuneration of directors of NT$3,299,706. In addition, there is no material difference between the total amount of NT$7,424,338 proposed to be allotted and the amount of NT$7,424,338 recognized as expenses in 2023.
   (2) The amount of employee remuneration distributed in stock and its proportion to the total amount of after-tax net profit and total employee remuneration in the current period's parent only or individual financial report: Not applicable.

4. The actual amount of remuneration to the employees, directors and supervisors in the previous period (including the quantity of shares released, the amount and stock price), and specify the difference, the cause and response if there is significant variation from the estimated remuneration to the employees, directors and shareholders:

2023	Actual amount distributed	Book Amount	Difference
Remuneration to employees	4,124,632	4,124,632	-
Remuneration to Directors and Supervisors	3,299,706	3,299,706	-
Total	7,424,338	7,424,338	-

   (1) Remuneration to employees: Employees are paid according to the results of the current year's performance evaluation and taking the distribution situation of the past years into account.
   (2) Remuneration to directors and supervisors: Independent directors and supervisors are paid according to the agreed remuneration in accordance with the "Regulations on the Management of Salary and Remuneration of Directors, Supervisors and Managers", and do not participate in the distribution of remuneration.

(IX) The buy-back of shares by the Company: None.

II. Corporate bonds: None.

III. Preferred shares: None.

IV. Overseas depository receipts: None.

V. Employee Stock Option: None.

VI. RSU/RSA: None.

VII. Merger and Acquisition (including merger, acquisition and spinoff): None.

VIII. Information on the implementation of the capital utilization plan: As of the quarter prior to the publication date of the annual report, the Company had no capital utilization plan that has not been completed or that the plan has been completed but the benefits have not yet appeared.

I. Business Content

(I) Business Scope

1. Major Business Content:

Mainly engaged in the manufacturing, processing, and trading of hand tools, computer machinery, motors, electric tools, automatic control systems, computer machinery, electric testing instruments, woodworking machinery and hardware parts.

2. 2024 Major Business Revenue Distribution:

Product	Amount (in thousands)	Proportion %
Electric tools	2,988,448	100
Total	2,988,448	100

3. Current Product or Service of the Company

The Company's current main products are various types and sizes of miter saw, wire saw machine band saw, radial arm saw, table saw, tile saw, tripod, etc. woodworking tools, which belongs to electric tools, is developed, and manufactured according to customer needs, and its related services is also provided by the Company.

4. New Product Development Planning: In addition to meeting market development and customer needs, the Company is also actively planning to develop machine tool, such as chop saw, tile saw, etc., to make the product portfolio more complete.

(II) Industry Outlook

1. Industry Outlook and Prospect

The domestic DIY electrical machine tool manufacturers have undergone changes in the production environment due to rapid changes in social and economic patterns, increased awareness of environmental protection, shortage of human resources, and material changes in cost structures caused by the appreciation of NT$. However, the industry combines related technologies and the introduction of automated production equipment, as well as the existing supply system and overall industrial capability, to improve its own strength and structure, and to actively promote products to various market. Therefore, the quality of Taiwan’s DIY electric tools become increasingly improved.

Taiwan's DIY electrical machine tool are mainly marketed in Europe and America, especially in the United States and Canada. Currently, the domestic DIY electrical machine tool have played a decisive role in the world, and their global competitiveness is relatively high. The DIY electrical machine tool products take safety as the most important quality assurance. The Company does not follow the traditional OEM standards but cooperates via ODM with internationally well-known industry players. The Company has made great progress in R&D technology, and has been highly valued by international competitors, giving the Company high international competitiveness.

2. The association between the upstream, midstream, and downstream industries:

The main raw materials of table electrical machine tool include aluminum materials, plastics, steel, cast iron, steel plate, rotor/stator, commutator, blade, powder metallurgy, hardware parts, commutator, etc. Because the domestic manufacturing technology is mature and stable, and the product quality meets the requirements, most of the material are supplied by domestic professional manufacturers. Certain plastics, blade, etc. are mainly supplied by professional suppliers in the United States and Japan due to the precision and stability require for the finished product.

Due to the industry characteristics of woodworking machines, the production of electrical machine tool involves professional technologies such as forging, metal processing, heat treatment and surface treatment, and the processing level is high. Therefore, most of the manufacturing processes are produced by a complete processing cooperative system. The plant mainly focuses on product development, motor manufacturing, finished product assembly and testing, packaging, and the division of labor, which is a precise manufacturing process. The Company is located in the Taichung and Changhua areas where Taiwan's machinery industry suppliers and outsourcing factories are gathered. Due to the complete satellite system support, the operation is fast and flexible, and the production cost is reduced. A corporate synergy system has been constructed with the Company as the main body and third-party manufacturers as the supporting unit enhanced the Company's competitiveness.

The United States is the main market for Taiwan’s electrical machine tool, and the market in the United States is mainly represented by retail department stores such as Home Depot amd Lowe’s.

3. Various Product Development Trends

(1) The R&D of light, durable and strong new materials, the application of continuously variable function, the creation of unique patented design, and widely acceptable price.

(2) Incorporating the increased awareness of environmental protection into products design, recycling, and consumer protection that are valued by the world. The product parts and packaging materials uses recyclable or renewable materials. With the enhanced consumer protection awareness, the product design must ensure that users are safe and protected without the fear of being harmed.

4. Product Competitiveness

The main domestic manufacturers of electrical sawtable top power tool are Rexon Industrial Corp., Ltd.., P&F Brother Industrial Corporation, Chiu Ting Machinery Co., Ltd., San-Chien Industry Co., Ltd., OAV Equipment and Tools, Inc., and other companies. Only a few have the ability to independently develop products and complete the finished product manufacturing. Except for Rexon Industrial Corp., Ltd.., which has its own sales under its private label, after the Company merged with Delta, a century-old electric tool brand in the United States, the market share of its private label business has increased year by year, and the production method of other companies is mainly OEM/ODM for big international brands. The Company's current main product, miter saw, occupies a decisive position in the American and Canadian markets. If the relevant domestic machinery industry wants to enter this industry, in addition to the need for high-quality and sophisticated technology, the independence of product development and marketing channels are the weakest among domestic industry players. Without a complete R&D team and sophisticated manufacturing technology, it is difficult to enter this industry.

Big electric tool manufacturers are mainly distributed in the United States, Japan, Germany, and other places, which are Black & Decker, Ryobi (TTI), DELTA, SKILL, PRO-TECH, JET, MAKITA, Bosch, Emerson, etc. Currently, Black & Decker is the brand cooperative manufacturer of OEM and ODM of the Company, and Delta is the Company's private label. The Company’s product is highly valued and appreciated in the North American market due to the stable and good quality and successful strategy.

(III) Technology and R&D Overview

1. Technological Level of the Operation of the Company

(1) Since the establishment of the Company in 1989, it has played the role of OEM and manufacturer through OEM or ODM technical cooperation with Emerson, Ryobi, Black & Decker, and TTI.

(2) The Company has been qualified by the ISO 9001 2015 version of quality certification to ensure the standard of product quality. In 2000, the Company took the lead in the industry to obtain the production certification of Black & Decker, the world's largest electric tool manufacturer. Since 2001, the Company has started to produce bench top power miter saw for its top brand "DeWalt", and its production technology capabilities have been recognized by international major manufacturers.

2. Development Direction of Future R&D Work

Item	Development Direction	Explanation
1	Diverse Product	Finish the development of the full series of sawing products-tile saw, steel tube, aluminum tube, angle iron, to make the product portfolio more complete and to create different market segment compared to the original product.
2	Lightened Product	Lighten the weight of the product, value the trending appearance and reduce burden of use.
3	Shared Parts	To reduce the cost of production and increase productivity, the Company integrate various single technology to simplify machinery parts processing process and shorten the manufacturing process to increase the shared parts between machines and reduce unnecessary parts processing.
4	Modular design	Advantages are to reduce costs and shorten R&D schedule.

3. R&D Personnel Education and Experience

The R&D personnel all have a college degree or above, are specialized in the fields of electrical engineering and machinery, and have rich professional experience in the woodworking machine industry. They continue to improve manufacturing process technology and develop forward-looking products.

4. R&D Expenses in the most recent year to the date of this report was printed

Unit: In thousands of NTD

Item	2024	First Quarter of 2025	2024 (Projected)
R&D Expense	27,846	5,072	40,000
Net Revenue	2,988,448	847,635	
Proportion (%)	0.9	0.6	

Note: Information of the first quarter in 2024 has been reviewed by CPAs.

5. R&D Objectives

(1) Establish its own technology, form barriers of entry, and enhance the Company's competitiveness; increase the market share of its private-label products and increase profits. The smart management plan and implementation status linked to the operational goals are as follows:

a. Number of patent applications and approvals in the past two years

Year	The number of applications could be reviewed	Number of approval	Country	Type	Explanation	The accumulated number of approval
2024	1	2	U.S.A.	New	Approval: 1. Use of linear bearings in the design of a steel pipe structure, fixed sliding rods, and a motor mount integrated with a slide rail mechanism. 2. Riving knife assembly Patent application: Adjustable fixed stand for table saw	31

					Approval: None	
2023	3	0	U.S.A.	New	Patent application: Table saw guard, Wheeled stand for table saw, Riving knife assembly	26

b. Patents purchased externally: 18 patents (18 from the United States)

Items: Drill Press, Table Saw, Planer Apparatus, Band Saw, Dust Collector, Drum Sander, Lathe, etc.

c.Trademarks of DELTA, SHOPMASTER, HOMECRAFT, BIESEMEYER, etc. : 42 trademarks.

Country	Australia (AU)	Brazil (BR)	Canada (CA)	China (CN)	European Union (EM)	Korea (KR)	Mexico (MX)	Taiwan (TW)	America (US)	Total
Number	1	6	1	2	1	3	1	5	22	42

(2) Quickly respond to customer needs and propose effective solutions.

(3) Look for potential R&D projects and commercialize efficiently.

(IV) Long and Short-Term Business Development Plan

1. Direction for Short-Term Business Development Plan

(1) Marketing Strategy

A. Expand product sales portfolio to increase the source of profits for the Company.

B. Strengthen market development to expand sales network.

(2) Management Policy

A. Continue to improve and strengthen the promotion of internal control, and enhance the Company's management performance.

B. Introduce computerization to the office to enhance the management effectiveness and communication efficiency.

(3) Production Policy

A. Increase the proportion of outsourced production in the plant to make manufacturing more flexible and to help control production costs.

B. Vertical integration of process planning strengthens product competitiveness and improves product quality and profitability. Actively coach third-party manufacturers to make their quality and delivery more stable.

(4) Direction of Product Development

A. Recruit excellent R&D talents and purchase additional R&D equipment to improve R&D efficiency.

B. Carry out the development of diversified products and expand the product portfolio.

(5) Scale of Operation and Financial Cooperation

A. Carry out financial planning for various plans based on the principle of safety and stability.

B. Establish a close cooperative relationship with financial institutions and understand the financial market.

2. Direction for long-term business development plan

(1) Marketing Strategy

A. Continue to develop new products to win new customers and expand the scale of operation.

B. Construct marketing tunnels and increase sales tunnels.

C. Expand private label business market.

(2) Production Policy

A. Cultivate and integrate third-party manufacturers to create a competitive corporate synergy system.

B. Develop and enter into the production of woodworking machine components.

(3) Direction of Product Development

A.Develop environmentally friendly, humanized and numerically controlled woodworking machines to increase the added value of products.

B. Develop gardening and household maintenance products to expand the diversity of product portfolio.

(4) Scale of Operation

Through the R&D of new products, improve production technology and reduce production costs to expand the scale of operation and increase market share.

(5) Financial Strategy

Use the capital market to raise funds for the Company's long-term development.

II. Market, Production and Sales Overview

(I) Market Analysis:

1. Region of Sales of Major Products

Unit: In thousands of NTD

Region \ Year	2023		2024	
	Amount	%	Amount	%
America	3,189,261	94.4	2,799,847	93.6
Other Regions	188,769	5.6	188,601	6.4
Total	3,378,030	100	2,988,448	100

2. Market Share

The market demand for DIY electrical machine tool covers the decoration industry, furniture industry, construction industry, etc., as well as general home improvement. It has become an indispensable tool for daily life. The electrical machine tool produced by the Company are continuing to improve or add functions, and improve quality, and have repeatedly achieved sales success. Among them, the main product, miter saw, occupies an important position in the North American market.

3. Future Market Supply and Demand, and Growth:

According to Dun & Bradstreet and IBIS World survey reports, the global DIY market has reached saturation, with global annual sales amounting to USD750 billion in 2024. The market concentration is high, mainly in North America and Europe, accounting for 75% of the global DIY market, followed by Japan and Australia.

The global DIY woodworking machine market is mainly concentrated in the United States. According to the marketing system observation of the American market, most of the hand tools, electric tools, components and hardware are sold through Hardware Stores, Home Centers, and DIY equipment stores. According to the report of the American DIY professional magazine, based on the data of the National Hardware Retailer Association, the market size of the American hardware DIY market reached USD330 billion in 2024, which has an increase of 6.3% over the previous year. Currently, there are approximately 22,000 Home Improvement and Hardware stores in the United States. Home Depot, Lowe’s Companies, Menards, Tractor Supply, and other businesses have dominated the hardware channel. The compound growth rate in the next five years (2025-2029) will reach 3.8%.

Taiwan's woodworking machines are almost supplied to the export market, mainly in the United States. Due to the characteristics of the industrial structure and the advantages of the satellite system , the quality, delivery schedule and the price can all meet the market demand, and the new products will be launched in a timely manner, which is favored by the main manufacturing agents and distributors in the United States. There is still considerable room for growth in the production of woodworking machines in Taiwan.

4. Favorable and Unfavorable Factors of Competitive Niche and Development Prospect, and the Countermeasures

Item	Completive Niche and Favorable Factors	Unfavorable Factors	Countermeasures
(1)Major Business Content and Development Prospect	In developed countries such as Europe, the United States, and Canada, DIY woodworking machines are essential tools for households, and do not belong to capital expenditure of durable goods. Therefore, their demand is less likely to decline significantly due to economic changes.	Price wars with competitors	(1) Develop full series of sawing products, to complete the product portfolio and to create a different market segment form the original product. (2) Strengthen the functionality of the product and the innovative design of the appearance to stimulate the exchange and purchasing desire from the customers. (3) Enhance various operations from R&D to the production of the product to increase profits.
(2)Position in the Industry	(1) 10-inch miter saw produced and manufactured by the Company has a significant position in the market share of the North American market. (2) In 2001, the Company took the lead in the industry and obtained the production certification of Black & Decker, the world's largest electric tool manufacturer. The Company produced top-level "DeWalt" miter saw was an OEM, and its process production technology capabilities have been recognized by international major manufacturers.	Price wars in the same industry and China has gradually shortened product cycles and competed on low prices.	Develop high-end new products, and develop new materials for existing products to reduce costs. In addition, low-margin products are transferred to regions with lower costs for production to increase profits.
(3)Supply of Major Raw Materials	(1) The Company is located in the central region where suppliers and outsourcing manufacturers of Taiwan's machinery industry are gathered. The division of labor of the satellite system and the support is complete, and the operation is fast and flexible, which enhances competitiveness. (2) The production process includes forging, metal processing, heat treatment and other professional technologies, and the main processing is appointed to third-party manufacturers. The Company focuses on product development, motor assembly, finished goods assembly and testing, which has a complete system to control the production progress and process quality of third-party manufacturers.	The cost of raw materials such as copper, aluminum, steel, iron, and resin is easily influenced by fluctuations in international market prices and exchange rates.	(1) Develop competitive suppliers domestically and abroad. (2) Develop high-end new products to meet market demand, update materials and reduce costs. Production is vertically integrated to reduce costs. Low-margin products are moved to low-cost regions.
(4)Sales of Major Product	The 10-inch miter saw produced by the Company occupies a significant position in the North American woodworking machine market. The excellent and stable quality standard increases opportunities for cooperative development and sales with big international manufacturers.	The proportion of OEM is high, and sales rely on manufacturing agents.	Strengthen R&D, quality assurance, quality control and other professionals to reach direct sales channels and increase product profit margins.

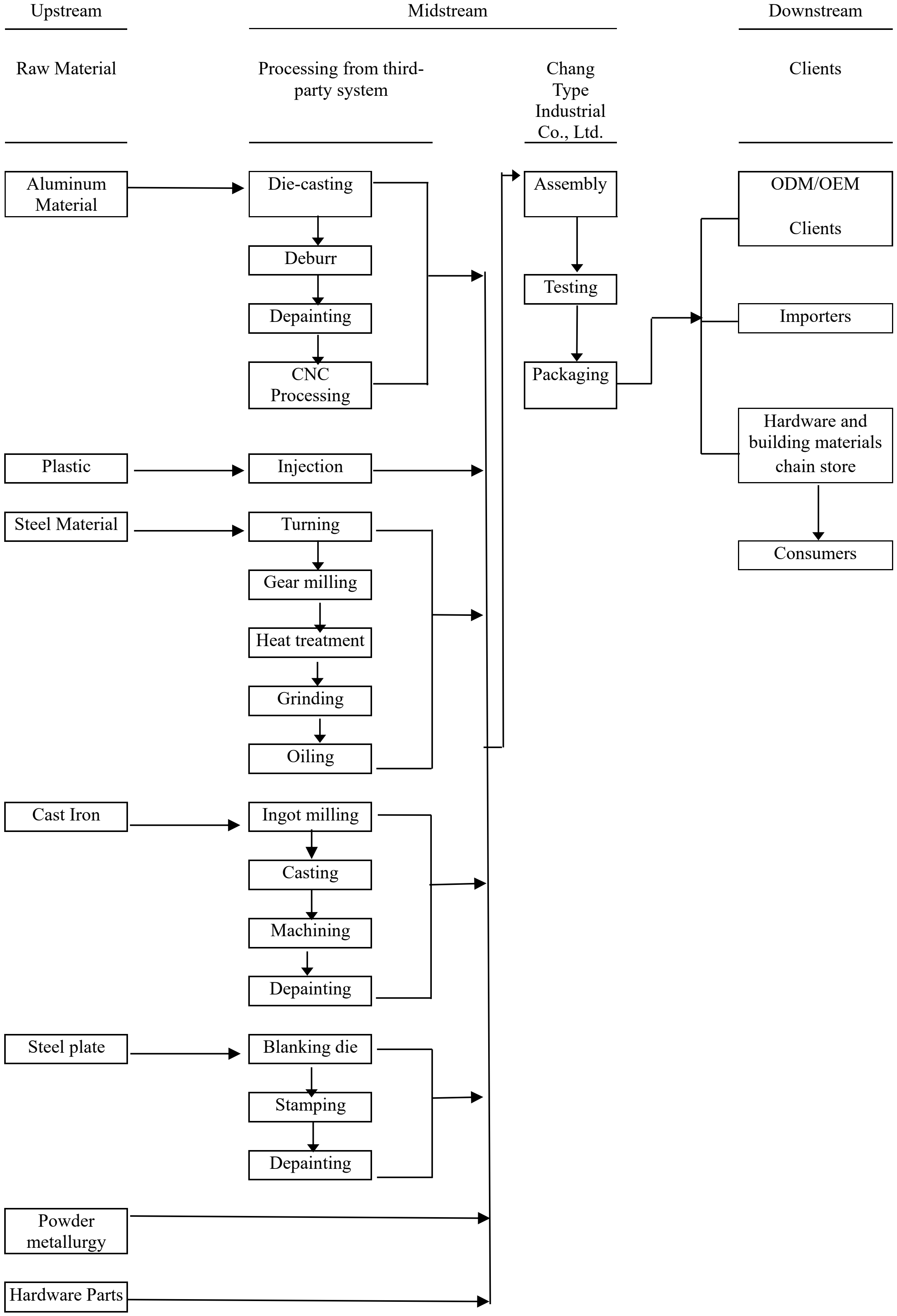
Item	Complietive Niche and Favorable Factors	Unfavorable Factors	Countermeasures
(5)Financial Status	(1) The profits in operation are stable and the operating condition is good. (2) The proportion of self-owned capital is high, and the financial ratio is good.	None.	Raise funds in the capital market, obtain long-term and stable funds, and strengthen the financial structure.
(6)Human Resources of Major Production	(1) Adopt advanced 3D computer assist design system and three-dimensional coordinate measurement equipment to improve development and design capabilities, and accuracy and shorten development schedule. The Company has accumulated extensive experience in R&D, design, and production technology. (2)The main processing production equipment is highly automated.	Due to the increase in national income, the change in economic structure, and the shortage of entry-level labor.	(1) Introduce foreign labor and increase equipment automation. (2) Low-value and low-technology products are transferred to low-cost regions.

(II) Important Use, Production and Manufacturing Process of Major Product:

1. Use:

Product Type	Important Use
Table DIY electrical woodworking tools	cutting, planning, sawing, grooving, and other functions of metal, woodworking materials, plastic, and acrylic materials.

2. Production and Manufacturing Process:



(III) Supply of Major Raw Materials

The major raw material suppliers in the upstream and downstream of the Company have long-term cooperation, mutual trust, and good and close cooperative relations, as a result, the Company can obtain production materials with reasonable price, high quality, and stable delivery schedule.

(IV) Major Purchase and Sales Customers

Names of customers, the amount and proportion, accounting for more than 10% of the total purchase (sales) in either of the last 2 years and explanation for the increase and decrease.

1. Information on Major Suppliers in the Last Two Years

Unit: In thousands of NTD

	2023				2024				2024 as of the first quarter (Note 2)			
Item	Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Purchases in the Current Year as of the Previous Quarter (%)	Relationship with the Issuer
1	A	230,761	13.46	None	A	211,864	14.85	None	A	75,617	15.44	None
	Other	1,483,986	86.54		Other	1,214,796	85.15		Other	413,972	84.56	
	Net Purchases	1,714,747	100		Net Purchases	1,426,660	100		Net Purchases	489,589	100	

Note 1: The increase and decrease of major purchases in the last two year were due to the Company's consideration of supply quality and price factors.

Note 2: For companies listed at TWSE or TPEx for the trading of stock have CPA audited or reviewed financial information to the date this report was printed, disclose such information.

2. Information on Major Customers in the Last Two Years

Unit: In thousands of NTD

	2023				2024				2025 as of the first quarter (Note 2)			
Item	Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Purchases in the Whole Year (%)	Relationship with the Issuer	Name	Amount	Ratio of Net Purchases in the Current Year as of the Previous Quarter (%)	Relationship with the Issuer
1	A	2,814,832	83.33	None	A	2,232,539	74.7	None	A	715,590	84.42	None
2	B	189,903	5.62	None	B	447,924	14.99	None	B	21,156	2.50	None
	Other	373,295	11.05		Other	307,985	10.31		Other	110,889	13.08	
	Net Sales	3,378,030	100		Net Sales	2,988,448	100		Net Sales	847,635	100	

Note 1: List out the names of the customers accounting for more than 10% of the total sales over the last 2 years, and the amount and proportion of sales. Use customer code if it is specified in the contract that the names of the customers or counterparties of trade are individuals and not related parties that cannot be disclosed.

Note 2: For companies listed at TWSE or TPEx for the trading of stock have CPA audited or reviewed financial information to the date this report was printed, disclose such information.

III. Overview of Employees

Year		2024	2023	As of 15 May 2025, the publication date of the annual report
Number of Employees	Technical staff	13	15	14
	Management and business marketing staff	231	231	243
	Operator	121	122	122
	Total	365	368	379
Average Age		41	43	43
Average Years of Seniority in Service		8.59	10.08	10.20
Education Distribution Proportion	PhD	-	-	-
	Master	19	22	21
	College/University	96	101	101
	Senior High School	85	89	89
	Below Senior High School	28	25	25
	Foreign Labor	137	143	143

Note: The calculation of the average years of seniority in service and age does not include foreign workers and contract workers.

IV. Information on Expenditures on Environmental Protection:

(In the most recent year to the date of third report was printed, the total amount of penalty and loss (including damages) due to environmental pollution, future countermeasures (including improvement measures) and possible expenditure (including the estimated amount of loss, penalty, and damages due to not taking actions of the countermeasure policy. If the amount couldn't be reasonably estimated, the fact of it should be explained.))

(I) Loss or penalty due to environmental protection in the last two years:

The Company's environmental violations in 2024 and 2023, for which belonged to procedural violations, and there is no actual pollution. The summary is as follows:

Unit: In ten thousands of NTD

Violation of Regulations	2024	2023	Status of Improvement
Water Pollution Control Act	-	6.3	The problem has been improved. (The discharge outlet for domestic wastewater in Houli Plant 2 has not been labeled.)
Air Pollution Control Act	-	52.0	The problem has been improved. (Entrance temperature of exhaust gas in die-casting plant is below standard and establishment of exhaust gas emission from rotor has not been applied for.)
Water Pollution Control Act	-	31.2	The problem has been improved. (The wastewater discharge from both the die-casting plant and the paint shop does not meet the standards.)
Waste Disposal Act	0.6	-	Fengyuan plant 1 has completed the improvement.
Total	0.6	89.5	The problem has been improved. (The nonconformity in industrial waste reporting at in Houli Plant 2.)

(II) Expected environmental capital expenditure in the future:

In addition to purchasing new environmental protection equipment, the Company will strengthen staff training and strictly implement internal environmental protection operation standards to ensure compliance with environmental protection emission standards.

(III) The Company is still committed to the improvement of the working environment and the implementation of internal and external cleaning of the plant sites to improve the quality of the working environment. The related costs are as follows:

The cumulative total environmental management costs in 2024 and 2023 are NTD4,610,000 and NTD5,624,000 respectively. Environmental protection expenditure items include operational maintenance, consumption costs, and equipment additions, details are shown below:

Unit: In ten thousands of NTD

Type	Explanation	2024	2023
Water Pollution Prevention	Waste (polluted) water treatment operation maintenance, consumption, electricity, and personnel costs, etc.	26.8	71.9
Waste Processing	Outsourced waste treatment and recycling	186.6	212.6
Air Pollution Prevention (Operation)	Operating costs such as raw materials, air pollution fees, and inspection fees used for prevention equipment	128.1	83.3
Air Pollution Prevention (consumables, maintenance)	Melting furnace polluted air collection and maintenance, activated carbon furnace layer and activated carbon renewal, cutting fluid purification machine maintenance, etc.	119.5	194.6
Total		461.0	562.4

V. Labor-Management Relationship

(List the Company's employee welfare measures, advanced education, training, and retirement systems and their implementation, as well as labor-management agreements and various employee rights protection measures. In the most recent year to the date of this report was printed, the loss due to labor-management disputes, the estimated amount and countermeasures of current and future possible incidents should be disclosed.)

(I) Employee Welfare Measures

To enhance employee welfare measures and improve employee benefits, the Company has established the Employee Welfare Committee on 26 January 2000 to regularly host incentive trips and dinner parties, and distributes wedding and funerals subsidies, injuries and illness subsidies, and holiday gifts, etc. In addition to labor insurance and health insurance for all employees, the Company organizes regular health checks and various education and training for all employees, so that they can work in a safe and growth environment.

(II) Advanced Education and Training for Employees

To enhance employee welfare measures and improve employee benefits, the Company has established the Employee Welfare Committee on 26 January 2000 to regularly host incentive trips and dinner parties, and distributes wedding and funerals subsidies, injuries and illness subsidies, and holiday gifts, etc. In addition to labor insurance and health insurance for all employees, the Company organizes regular health checks and various education and training for all employees, so that they can work in a safe and growth environment.

(III)Retirement Systems and the Implementation

When the Company's employees retire, in addition to applying for old-age benefits in accordance with the labor insurance regulations, the retirement regulation is established in accordance with the Labor Standards Act. According to the Ministry of the Interior, Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds, the Company allocates a certain proportion of retirement reserves according to the total payment every month according to the regulation, and the special funds are exclusively deposited in the Central Trust of China. The employee retirement old-age benefits regulation shall be handled in accordance with the provisions of Chapter VI of the Labor Standards Act and the details of Chapter VI of the same act. After the "Labor Pension Act" came into effect on 1 July 2005, all employees of the Company chose to apply the relevant retirement provisions of the act and the years of seniority in service prior to applying the new act were retained. The Company allocates 6% of the employee's monthly salary to the employee's individual retirement fund account of the “Bureau of Labor Insurance, Ministry of Labor of the Executive Yuan”. For employees who have retained their years of seniority in service prior to the application of the "Labor Pension Act", when the labor contract is terminated, the average salary at the time of contract termination shall be used to add up to the pension for the retained seniority.

(IV) Labor-Management Agreements

The Company has a harmonious labor-management relationship, and all prescribed measures are handled in accordance with relevant laws and regulations. The implementation is good, and there are no disputes, or any incidents happened.

(V) In the most recent year and as of the date of this report was printed, the loss due to labor-management disputes, and the estimated amount and countermeasures of current and future possible incidents should be disclosed: None.

VI. Information Security Management (Added Additional Information)

(I) Information Security Risk Management Structure

The competent authority for the information security of the Company is the information center in the president's office, which is responsible for the planning and implementation of the establishment and management of the information computer room, computer information file security, network security, email security management, information system access control, and the promotion of information security awareness; comply with the Company's audit unit to conduct information security audits, including internal audits and external audits, regularly assess information security risks and report the implementation status to the board of directors.

(II) Information Security Policy

To protect the information assets from external threats or internal inappropriate management and the risks of information leakage, damage or loss, the Company has established the policy as follows, for all colleagues to follow:

1. Established the "Information Security Management Regulations" to provide appropriate protection measures for information assets to secure their confidentiality.
2. Regularly assess and review the information security strategy to ensure the continuous operation of the Company's business.
3. Through information security publicity from time to time to enhance the information security awareness of the Company’s staff.
4. Require the staff of the Company not to use unauthorized software.

(III) Specific Information Security Management Plan

The Company's current main measures and implementation of information security risk management are as follows, which can effectively protect information security; after evaluating the insurance coverage of information security insurance, its applicable industries and other items, the Company will not participate in information security insurance for the time being. Reduce the risk of data and network errors or omissions through regular security checks of firewalls and anti-virus software, regular backups, disaster recovery, and information security promotion, and report to the board of directors on 25 January 2022:

No	Item	Specific Management Plan
1	Firewall Protection	• In the firewall set-up connection rules, by default, only basic Internet and email connections are opened. • Firewall settings establish connection rules, defaulting to closing all external connections and only allowing connections to the internal LAN. • If special connection is needed, should be approved by senior executives before opening. • Monitor and analyze the number of firewall attacks every week.
2	User Internet Control Mechanism	• Use an automatic website protection system to monitor users' online behavior. • Automatically filters websites which may link to Trojan horse viruses, ransomware viruses or malicious programs for users when surfing the Internet. • Unauthorized use of instant messaging software, Web Mail, network hard drive, file transfer and other network services is prohibited.

No	Item	Specific Management Plan
3	Wireless Network Control Mechanism	• Wireless network is only open to mobile devices such as business laptops, mobile phones, and tablets, and can only be opened after approval by senior executives. • Wireless network needs to be locked with the MAC address of the device to ensure that only approved devices can be used. • For items 4, 5, 6, 7, according to the user's device and needs, set different SSID connections to control the authority of the connected host.
4	Information Data Center Security Management	• There is an access control of the data center, and no entry is allowed without permission. • Data center has an UPS uninterruptible power supply, which can shut down the server in case of an abnormal power outage, so as to protect the server system from failure due to power outage.
5	Antivirus Software	• Use a variety of antivirus software to diversify the risk of new virus infection. • Utilize antivirus software to mitigate the risk of infection from new viruses.egularly update the virus code of the antivirus software to reduce the risk of infection. • Regularly update antivirus software virus definitions to minimize the risk of infection.
6	USB Flash Drive Access Control	• The use of USB devices is prohibited by default on the user's computer. The use of USB devices due to official needs must be approved by the head of the department before opening. • USB devices must be certified by the information department before they can be used. Uncertified USB devices cannot be used even if the computer is opened for USB devices.
7	Operating System Update	• The major and security updates of the operating system are uniformly controlled by the automatic update system, and are automatically dispatched and installed on the Company's computers. • The information department monitors those that have not been updated for some reason and assists in updating.
8	Email Security Control	• Threat protection with automatic email scanning prevents unsafe attachment files, phishing emails, and spam before users receive emails, and expands the scope of protection against malicious links. • After the PC receives the email, the antivirus software will also scan for unsafe attachment files.
9	User Email Security Control	• It can count the number of external emails sent and received by users, monitor abnormal sending and receiving conditions, and prevent confidential information from leaking.
10	Website Protection Mechanism	• The website has a firewall device to block external network attacks.
11	High Availability Backup Mechanism	• All material information systems have established high-availability mechanisms. It can restore system operation in the shortest time in case of system failure.
12	Information System and Database Backup	• Material information system databases are set for daily complete backup, noon, and evening differential backup. • Information system programs are fully backed up once a day.
13	Offsite Storage	• The backup files of the server and various information systems are stored separately in the information data centers of different plants.
14	Material File Upload Server	• The material files of each department in the Company are uploaded to the server for storage, and are backed up and stored by the information department.
15	Information Center Inspection Record Form	• The information center inspection record form is used to record the temperature and humidity of the data centers, data backup, antivirus software update and other records.

VII. The Framework of Task Force on Climate-related Financial Disclosures

Level	Execution Explanation
Governance	The board of directors is the highest supervisory authority for matters concerning climate change risks and opportunities. It holds the responsibility of approving, reviewing, and overseeing risk strategies and policies. Furthermore, it guides the company in exploring new business opportunities related to climate change. The board of directors has established the “Sustainable Development Management Committee”, chaired by the president, to comprehensively promote corporate sustainability. The committee convenes meetings at least once a year and reports progress to the board of directors. Its responsibilities encompass corporate governance, environmental sustainability, green partnerships, customer relations, employee relations, and social care. Department heads identify sustainability issues of concern, including risks involving operations, finance, environment, hazardous events, and climate change. They formulate action plans and establish continuous improvement plans.
Strategy	Department heads assess the risks and opportunities that climate change may bring, such as regulatory policy risks related to greenhouse gas reduction and emission reporting obligations, or policies such as carbon taxes and fees. They evaluate the impact on the company's operations and finances based on the time of occurrence and the degree of impact. Additionally, they actively monitor opportunities arising from greenhouse gas emissions for products. When designing products, they consider the environmental impacts and aim to reduce carbon emissions at each stage. Furthermore, they continuously improve energy efficiency in company operations and consider building solar power stations in available factory spaces to enhance renewable energy utilization.
Risk Mana gement	Chang Type’s board of directors has approved the “Risk Management Measures”, whereby each business unit with responsibilities should identify changes in risks related to operations, finance, environment, hazardous events, and climate change. They should also formulate risk management policies and execute board risk decisions. Adopting the framework provided by the Task Force on Climate-related Financial Disclosures (TCFD), the company analyzes the potential risks and opportunities of climate change to its operations and their impact on finances. Furthermore, they prioritize and review countermeasure plans based on the time of occurrence and the intensity of impact. The risk management department reports to the board of directors annually, presenting updates on the company's transformation and changes in physical risks, along with evaluation results, enabling the Board to stay informed. This allows board members to enhance their international awareness of trends in international climate change governance and grasp key opportunities for the development of a low-carbon economy.
Indicator and Target	Establishing goals for greenhouse gas management, water resource management, energy management, and product development to build sustainable business capabilities for the enterprise.

VIII. Important Contracts:

(The parties, main contents, restrictive clauses, and contract start and end dates of supply and sales contracts, technical cooperation contracts, construction contracts, long-term loan contracts, and other important contracts that can affect shareholders' rights and interests, which are still valid or expired in the most recent year and as of the date of this report was printed)

Nature of Contract	Party of Contract	Contract Start and End Dates	Main Content	Restrictive Clause
Loan Contract	First Commercial Bank	November 2022- November 2023 (The pricing is still under negotiation)	A comprehensive loan with a NTD200,000 thousand limit	None
Loan Contract	Mega International Commercial Bank	July 2024- July 2025	A comprehensive loan with a NTD600,000 thousand limit	None
Loan Contract	CTBC Bank	September 2024- August 2025	A comprehensive loan with a NT$200,000 thousand limit	None
Loan Contract	Taipei Fubon Bank	October 2024- October 2025	A comprehensive loan with a NTD350,000 thousand limit	None
Loan Contract	Bank SinoPac	March 2024- March 2025	A comprehensive loan with a NTD200,000 thousand limit	None
Loan Contract	Cathay United Bank	December 2024- December 2025	A comprehensive loan with a NTD200,000 thousand limit	None
Loan Contract	Far Eastern International Bank	June 2024- June 2025	A comprehensive loan with a NTD80,000 thousand limit	
Loan Contract	Taishin International Bank	December 2024- December 2025	A comprehensive loan with a NTD100,000 thousand limit	None
Loan Contract	E.SUN Commercial Bank	October 2024~ October 2025	A comprehensive loan with a NTD200,000 thousand limit	None
Loan Contract	Yuanta Bank	November 2024~ November 2025	A comprehensive loan with a NTD150,000 thousand limit	None
Loan Contract	Dah Chung Bills Finance Corporation	December 2024~ December 2025	A comprehensive loan with a NTD150,000 thousand	None
Loan Contract	Ta Ching Bills Finance Corporation	October 2024~ October 2025	A comprehensive loan with a NTD100,000 thousand	None
Setting Encumbrance of Superficies Contract	Taiwan Sugar Corporation	October 2024~ October 2044	Provided 30,803.35122 m2 of land in Type B industrial zone at land No. 51, Houli District, Taichung City, for plant construction	Non-transferable
Land Leasehold Rights Setting Contract Lease Agreement for Land and Buildings	Taiwan Sugar Corporation Exeter Victor Hill Exeter Victor Hill Land LLC.	October 2024~ October 2044	Provided 3,877.69167 m2 of reserved land for water works at land No. 50-2, Houli District, Taichung City, as the land for the use of greening for plant construction.	Non-transferable None

V. Review and Analysis of Financial Position and Performance, and Risk Assessments

I. Financial Position

Unit: In thousands of NTD

Item \ Year	2024	2024	Difference	
			Amount	%
Current Assets	1,846,137	2,596,512	(750,375)	(28.90)
Property, Plant and Equipment	595,444	617,149	(21,705)	(3.52)
Right-of-Use Assets	573,903	613,545	(39,642)	(6.46)
Intangible Assets	12,224	22,051	(9,827)	(44.56)
Other Assets	129,891	129,000	891	0.69
Total Assets	3,157,599	3,978,257	(820,658)	(20.63)
Current Liabilities	761,498	1,483,519	(722,020)	(48.67)
Noncurrent Liabilities	402,502	583,557	(181,055)	(31.03)
Total Liabilities	1,164,000	2,067,075	(903,075)	(43.69)
Capital	788,000	788,000	0	0.00
Additional Paid-in Capital	1,364	1,364	0	0.00
Retained Earnings	1,177,549	1,131,349	46,200	4.08
Other Equities	26,686	(9,531)	36,217	379.99
Total Shareholders' Equity	1,993,599	1,911,182	82,417	4.31

The material difference in assets, liabilities, and shareholders' equity in the last two years, for the difference of more than 20% compared to the previous period as well as the difference amounted to NT$10 million, the main reasons and impacts and future countermeasures are as follows:

(I) Analysis and explanation for those with a difference of more than 20% as well as the difference amounted to NT$10 million are as follows:

1. Current Assets/Current Liabilities: The accounts receivable from increased sales in the Q4 of last year have been collected. Coupled with a decline in current-period sales (please refer to VI. (II) Financial Performance Analysis), this resulted in a corresponding decrease in both accounts receivable and accounts payable. In addition, subsidiaries have actively reduced inventory levels.
2. Noncurrent Liabilities: Repayment of lease payments and allocation of interest expenses in accordance with lease agreements.
3. Other Equities: Due to the depreciation of the exchange rate, the increase in the cumulative translation adjustment for the conversion of the foreign currency in the financial statements of subsidiaries was recognized.

(II) Impact: No material impact.

(III) Future countermeasures: Not applicable.

II. Financial Performance

(I) Financial Performance Analysis in the Last Two Years

1. Financial Performance Analysis

Unit: In thousands of NTD

Item \ Year	2024	2023	Increase (Decrease) Amount	Proportion of Difference %
Operating Revenue				
Sales Revenue	3,120,185	3,452,706	(332,521)	(9.63)
Less: Sales Allowances and Returns	(131,737)	(74,676)	(57,061)	76.41
Net Operating Revenue	2,988,448	3,378,030	(389,582)	(11.53)
Cost of Goods Sold	(2,496,385)	(2,715,202)	218,817	(8.06)
Gross Margin	492,063	662,828	(170,765)	(25.76)
Operating Expense	(493,582)	(377,645)	(115,937)	30.70
Net Operating Income	(1,519)	285,183	(286,702)	(100.53)
Non-operating Income and Expense	99,023	(139,004)	238,927	(171.88)
Pre-tax Net Income (Loss) from Continued Operations	98,404	141,819	(47,775)	(33.68)

Tax Benefits (Expense)	(14,700)	(30,989)	16,289	(52.56)
Net Income (Loss) from Continued Operations (Net of Tax)	83,704	115,190	(31,486)	(27.33)
EPS	1.06	1.46		

Proportion of increase and decrease explanation:

1. Sales Revenue: Due to customers' continued inventory reduction efforts over the years and the sustained impact of high inflation this year, consumer demand weakened. Although there was a brief sales recovery in Q1, revenue declined in Q2 to Q4 as a result of reduced demand.
2. Sales Allowances and Returns: Provide customers with sales discounts according to the contract. Additionally, the sales discounts increased due to the deductions for defects, missing parts, or incomplete documentation.
3. Gross Margin and Gross Margin Percentage: The decrease was due to a 3% reduction in selling prices to major customers and increased inventory valuation losses from slow-moving stock.
4. Operating Expenses: Legal fees related to patent disputes, sample display expenses for new customer development across retail locations, increased provision for doubtful accounts, and after-sales service warranty expenses.
5. Non-operating Income and Expense: An amount of NT$145 million was expended last year for rework compensation related to outsourced production. In contrast, the depreciation of the New Taiwan Dollar this year contributed to a foreign exchange gain of NT$84 million.
6. Tax Expense: The decrease in net income after tax for the current period led to a corresponding reduction in income tax payable.

2. Gross Margin Difference Analysis

Unit: In thousands of NTD

Item \ Year	2024	2023	Difference	Difference(%)
Gross Margin	492,063	662,828	(170,765)	(25,76)
Gross Margin Percentage	16.47%	19.62%	(3.15%)	(16.06)

Difference Analysis:

Major Product Type	Price Difference (Unfavorable)	Quantity Difference (Unfavorable)	Cost Difference (Unfavorable)	Combining Difference (Unfavorable)	Other	Subtotal
Electric Tools-Self-made	(51,733)	(150,240)	(2,244,499)	2,282,086	(13,624)	(178,010)
Electric Tools-Commodity	4,178	(11,229)	(13,863)	2,372	-	(18,542)
Parts	2,244	(1,572)	(9,865)	43,005	-	33,811
Others	-	-	-	-	(8,023)	(8,023)
Total	(45,311)	(163,041)	(2,268,227)	2,327,462	(21,647)	(170,765)

Major reason for the increase in gross margin and gross margin percentage:
For details, please refer to “VI, II, Financial Analysis on Chang Type Industrial Co., Ltd. and its subsidiaries” .

(II) Expected sales volume and its basis: With the introduction of new product models and the strengthening of vertical integration in production, it is anticipated that both revenue and profitability will maintain steady growth.

(III) Possible impact on the Company's future financial position and countermeasures: The Company continues to develop new products and new customers and conducts various financial and business plans to meet customer marketing needs.

III. Cash Flow

(I) Cash Flow Difference Analysis in the Most Recent Year

Item \ Year	2024	2023	Proportion of Increase (Decrease) (%)
Cash Flow Ratio (%)	88.34	12.10	630.69
Cash Flow Adequacy Ratio (%)	27.28	84.59	(67.75)
Cash Reinvestment Ratio (%)	29.59	(1.80)	(1743)

Difference Analysis Explanation:
1. For details, please refer to “VI, II, Financial Analysis on Chang Type Industrial Co., Ltd. and its subsidiaries”

(II) Illiquidity Improvement Plan: None.

(III) Cash Flow Analysis in the Next Year

Unit: In thousands of NTD

Cash Balance in the Beginning of the Period (1)	Projected Net Cash Flow from Operating Activities (2)	Projected Net Cash Outflow (3)	Projected Amount of Cash Balance (Deficit) (1)+(2)-(3)	Remedy for Projected Cash Deficit	
				Investment Plan	Wealth Management Plan
49,134	500,000	600,000	(50,866)	Not Applicable	Bank Financing

1. Cash Flow Difference Analysis in the Coming Year:
(1) Increase in net cash inflow from operating activities: Same as the above explanation 1 to 4 of "Financial Analysis for the Recent Five Years"
2. Remedy for projected amount of cash deficit and liquidity analysis: None.

(IV) Cash Flow Difference Analysis of the Current Year:

1. Increase in net cash inflow from operating activities: Same as the above explanation “VI. (I) Financial Analysis” for details on current assets and current liabilities.
2. Decrease in investing activities: No significant difference.
3. Increase in net cash outflow from financing activities: The additional bank financing inflows were used to support cash shortfalls in operating activities.

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IV. The Impact of Material Capital Expenditure on Financial Position in the Most Recent Year:

Project	Actual or Expected Sources of Funds:	Actual or Expected Completion Date:	Total Required Funds	Actual or Planned Allocation of Funds					
				2026	2025	2024	2023	2022	2021
Lease of new logistics warehouse in the Eastern United States	Bank loan	2021.12	202,442	39,340	41,771	40,554	39,373	38,226	3,178
Lease of land from Taiwan Sugar Corporation in the Tianxing Section, Tanzi	Bank loan	2023.5	125,000	-	-	-	125,000	-	-
Construction of new factory in Tanzi	Bank loan	-	400,000	400,000	-	-	-	-	-

V. The Direct Investment Policy, the Major Cause of Profit or Loss, Improvement Plan for the Most Recent Year, and the Investment Plan in the Next Year: None.

VI. Risk Analysis Assessment in the Most Recent Year to the Date of this Report was Printed

(I) The influence of interest rate and exchange rate fluctuation, and inflation on the profit and loss of the Company, and the countermeasures in the future:

Interest rate and inflation has no material impact on the profit and loss of the Company. For large fluctuations in exchange rates, the Company adopts a net foreign exchange position hedging method and partially pre-sells foreign exchange forward to reduce the impact of exchange rate changes on profit and loss.

(II)Policies for engaging in high-risk, high-leverage investments, loaning of funds to others, endorsement guarantees, and derivatives transactions, the main reasons for profit or loss, and future countermeasures:

The Company has not engaged in various transactions of high-risk, high-leverage investment and derivative products. Loaning of funds to others and endorsement guarantees are fully 100% direct investment in subsidiaries to assist their business development.

(III) Future R&D Plan and Expected Expense on Reinvestment: The Company will continue to introduce new products of the sawing series of electric tools to meet the market demand.

(IV) The impact of major domestic and foreign policy and regulatory changes on the Company's financial position and operation, and the countermeasures: No significant impact.

(V) The impact of technological changes on the Company’s financial position, and the countermeasures: None.

(VI) The impact of corporate image changes on the corporate crisis management, and the countermeasures: No significant changes on corporate image.

(VII) Expected profits and potential risks of mergers and acquisitions: No mergers or acquisitions.

(VIII) Expected profits and potential risks of plant expansions: No plant expansions.

(IX) Risk of purchase and sales in bulk, and the countermeasures:

1. Purchase: The Company's main raw materials are supplied by several large manufacturers. In addition, for metal casting and processing, due to the collaborative system of Taiwan's woodworking machine industry is quite mature, there are many competitors, and there is no risk of bulk purchase.
2. Sales: The Company's sales are concentrated in two companies, A and B, since the market demand for electrical machine tool is focused in the United States, which is concentrated in a small number of large-scale sales channels, and its supply is mostly monopolized by international major manufacturers. The possible risk is that the customer transfers the order or cannot place an order to the Company due to their operational difficulties. However, the Company has a close

cooperative relationship with its customers, and the customers belong to one of the small numbers of large-scale international manufacturers with good operating conditions, therefore, the above-mentioned risks will not likely occur at present.

(X) For Directors, Supervisors or major shareholders holding more than 10% of the shares, the impact and risks and of a large number of equity transfers or replacements on the Company, and the countermeasures: No large number of equity transfers or replacements.

(XI) The impact and risks of management rights changes on the Company, and the countermeasures: No management rights changes.

(XII) Litigations or non-contentious cases: None.

(XIII) Other major risks and the countermeasures:

VII. Other Significant Matters: None.

VI. Additional Information

I. Profiles of the Affiliates:

(I) Consolidated Business Report on the Affiliates

1. Organizational Chart on the Affiliates (31 December 2022)

Chang Type Industrial Co., Ltd.

↓ 100%

Delta Power Equipment Corporation
Registered Address: U.S.

2. Profile of Each Affiliate

Basic Information:

31 December 2024 Unit: In thousands of NTD

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Major Scope of Business	Division of labor between business operators who are related to each other
Delta Power Equipment Corporation	16 December 2010	99 Roush Street, Anderson, SC	314,095	Production, import and export trade of electric and pneumatic tools	Engaged in the marketing of its private label, the Company assists its procurement business in Asia.

3.Information on the existence of the controlling and subordinate relation of the same shareholders: None.

4. Information on directors, supervisors and presidents of the affiliates

31 December 2024 Unit: Share; %

Name of Enterprise	Title	Name or Representative	Shares Held	
			Shares	Shares
Delta Power Equipment Corporation	Director	Chang Type Industrial Co., Ltd.	10,010	100
		Representative: CHANG, CHIN-CHIN	—	—
		CHANG, HSIANG-I	—	—
		CHANG, QUN-YU	—	—
	President	CHANG, QUN-YU	—	—

(II) Operation Overview of the Affiliates

31 December 2024 Unit: In thousands of NTD

Name of Enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Revenue	Operating Income (Loss)	Profit and Loss of the Period (Net of Tax)	EPS (Net of Tax)
Delta Power Equipment Corporation	314,095	872,126	320,050	552,076	753,688	(53,270)	(32,860)	(3.3)

(III) Consolidated Financial Statements of the Affiliates: Please refer to Financial Statements Attested and Audited by CPAs in the Most Recent Year in Attachment 1.

(IV) Affiliation Report: Not Applicable.

II. Issuance of Securities Through Private Placement in the Most Recent Year as of the Date of this Report was Printed: None.

III. Supplementary Information: None.

VII. In the most recent year and as of the date of this report was printed, any event which has a material impact on shareholders' rights and interests or securities prices specified in 2nd subparagraph, 3rd Paragraph, Article 36 of the Securities and Exchange Act: None.