Stock Code: 2102

Federal Corporation
2024
Annual report

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Notice to readers

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

I. Spokesperson of the Company:

Spokesperson: Lu, Hsin-Yi
Title: Vice president
Tel.: (03)4522156#13000
Email: hylu@federaltire.com.tw

Acting Spokesperson: Li, Hsin-Yu
Title: Manager, Finance Department
Tel.: (03)4522156#13100
Email: Kevin@federitire.com.tw

II. Headquarters and Plant

Headquarters: No. 369, Huanxi Road, Guanyin District, Taoyuan City

Tel.: (03) 452-2156

Guanyin Plant: No. 369, Huanxi Road, Guanyin District, Taoyuan City

Tel.: (03) 452-2156

III. Stock transfer agency

Name: Registrar and Transfer Agency Department, Yuanta 120Securities Co., Ltd.

Address: B1., No. 67, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City

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

Tel.: 02-25865859

IV. CPAs auditing the most recent annual financial report:

Attesting CPAs: Peng, Li-Chen and Chou, Yin-Lai

Accounting firm: Baker Tilly Clock & CO

Address: 14F (Top Floor), No. 111, Section 2, Nanjing East Road, Taipei City

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

Tel.: 02-25165255

V. Name of the overseas securities exchange and method for obtaining information on the overseas securities: not applicable

VI. Company website: http://www.federalcorporation.com

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One. Business Report to Shareholders

Dear shareholders,

In 2024, the global economy remained highly unstable due to various adverse geopolitical and economic factors, including the Russia-Ukraine war, the Israel-Hamas conflict, tensions in the Indo-Pacific region, the U.S.-China rivalry, global inflation, and the economic downturn in Mainland China.

In addition to the impact of these international developments, the Company also faced challenges such as U.S. anti-dumping tariff policies, inadequate equipment and capacity adjustments at outsourced manufacturing partners, resulting in unstable supply and an inability to meet customer demand. These factors hindered revenue growth. Furthermore, following the shutdown of the Guanyin Plant, the Company continued to bear depreciation, maintenance, and management expenses, as well as impairment losses on idle equipment. As a result, the Company's operations remained in a loss-making position in 2024.

1. 2024 Business results

(I) Business overview:

In 2024, the Company's consolidated net operating revenue amounted to NT$267,380 thousand, representing a decrease of 44.11% compared to NT$478,402 thousand for the same period last year. The net loss after tax for the period was NT$465,154 thousand.

(II) Overview of production and sales:

Unit: Unit

	2024	2023	Increase (decrease)	%
Production volume	0	127,018	(127,018)	(100)
Sales volume	153,722	309,807	(156,085)	(50.38)

(III) Financial Information and Profitability

Unit: NTD 1,000

Item / Year	2024	2023	Increase (decrease)
Net operating revenue	267,380	478,402	(211,022)
Operation gross profit, net	17,449	(296,742)	314,191
Operating income (loss)	(226,182)	(1,076,881)	850,699
Net income (loss) after tax	(465,154)	(1,729,299)	1,264,145

Item	2024	2023
Return on assets (%)	(2.86)	(13.86)
Return on shareholders' equity (%)	(6.67)	(30.96)
Ratio of income before tax to paid-in capital (%)	(9.36)	(36.52)
Net profit margin (%)	(173.96)	(361.47)
Earnings per share (NTD)	(1.01)	(3.76)

2. 2025 Business Plan

In 2025, the rise of protectionism driven by the Trump administration, the impact of domestic electricity tariffs and carbon fees on corporate operating costs, as well as the lack of momentum in China's economic recovery, have all added uncertainty to the overall economic outlook.

Although the Company continues to be affected by the U.S. anti-dumping policy, it is expected that, as overseas OEM production capacity is gradually adjusted and restored, tire shipments will return to normal, thereby contributing to an increase in revenue. In addition to actively reallocating production lines across overseas and domestic OEMs, the Company continues to explore other qualified contract manufacturers to stabilize its supply chain. At the same time, strict cost control measures and expense reductions are being implemented to lower fixed operating costs. Following the production shutdown, the Company has been actively exploring business transformation, re-evaluating the positioning of its supply chain and the layout of its domestic and international sales strategies. The future operational plans are outlined as follows:

(I) Overseas OEM and Regional Expansion: To maintain regular business operations and mitigate high anti-dumping tariffs, the Company has commissioned overseas manufacturers to produce tires. Currently, production has been outsourced to factories in Vietnam and Thailand, while in Taiwan, Nangang Tire has been contracted. The Company is also actively seeking additional OEM partners in Mainland China and other regions to enhance supply stability and diversification.

(II) Business transformation and revenue expansion: In addition to manufacturing and selling tires, the Company plans to adopt a diversified business model, incorporating additional revenue streams such as royalty income and technical service fees to generate profits.

This includes generating royalties from trademarks, brands, technologies, patents, and other intellectual property, as well as offering technical services—such as formulation, design, testing, and training—provided by R&D personnel.

(III) Organizational Streamlining and Cost Reduction: The Company is optimizing its organizational structure and workforce to reduce operational costs and expenses. By implementing austerity measures, it aims to minimize cash outflows and enhance overall efficiency.

(IV) Asset activation and income generation: Efforts continue to accelerate the revitalization of idle assets—including land in urban redevelopment zones, industrial-commercial zones, and the Guanyin Plant (land and buildings)—to increase working capital and generate revenue, thereby improving the financial structure.

Although the Company is currently facing short-term impacts on its operations and profitability, we remain committed to making continued efforts. With careful consideration of future business and financial planning, as well as long-term development, the Company is striving to achieve sustainable operations. We sincerely hope to receive your continued and strong support.

I wish you

Good health and all the best!

Chairperson: Kuo, Lin-Liang

Two. Corporate Governance Report

I. Information Regarding Board of Directors and Key Managers

(I) Information on directors (1)

March 20, 2025

Unit: In thousand shares; %

Title	Nationality or Registration	Name	Gender Age	Date elected	Term	Date first elected	Shares Held When Elected		Shares Held at Present		Shares Held by Spouse & Minors		Shares Held by the Other's		Education and Experience	Current Position(s) in Other Companies	Spouse or Immediate Family as a Managerial Officer or Director			Remark
							Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding			Title	Name	Relationship	
Chairperson	ROC	Nankang Rubber Tire Corp., Ltd.		2024.05.24	3 years	June 19, 2020	148,768	31.43	148,768	31.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
	ROC	Representative: Kuo, Lin-Liang	Male 61–70 years old	2024.05.24	3 years	2023.11.01	0	0	0	0	0	0	0	0	Experience: Vice President of Manufacturing, Nankang Rubber Tire Corp., Ltd. Education: Bachelor, Department of Chemical Engineering, Feng Chia University	Chairperson of Taixin Construction Co., Ltd., Director of Federal International HoldingInc., Director of Amberg Investments Pte. Ltd., Director of Karroy Development Ltd., Director of Federal Tire North America LLC, Chairperson of Fu Cheng Development Co., Ltd. Chairperson of Nankang Rubber Tire Corp., Ltd., Chairperson of Nanzong Construction Developments, Co., Ltd., Chairperson of Nankang (Zhangjiagang Free Trade Zone) Rubber Industry Co., Ltd., and Chairperson of Taipei Nan Hong Tire Co., Ltd.	N/A	N/A	N/A	
Director	ROC	Nankang Rubber Tire Corp., Ltd.		2024.05.24	3 years	June 19, 2020	148,768	31.43	148,768	31.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
	ROC	Representative: Chiang, Ching-Hsing	Male 61–70 years old	2024.05.24	3 years	June 19, 2020	0	0	0	0	0	0	0	0	Experience: Chairperson of Federal Corporation Education: Ph.D., Public Order, University of Leicester, U.K.	N/A	N/A	N/A	N/A	

Title	Nationality or Registration	Name	Gender Age	Date elected	Term	Date first elected	Shares Held When Elected		Shares Held at Present		Shares Held by Spouse & Minors		Shares Held by the Other's		Education and Experience	Current Position(s) in Other Companies	Spouse or Immediate Family as a Managerial Officer or Director			Remark
							Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding			Title	Name	Relationship	
Director	ROC	Nankang Rubber Tire Corp., Ltd.		2024.05.24	3 years	June 19, 2020	148,768	31.43	148,768	31.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
	ROC	Representative: Chen, Yi-Chen	Female 31-40 years old	2024.05.24	3 years	2022.11.08	0	0	0	0	0	0	0	0	Experience: Assistant Manager of United Renewable Energy Co., Ltd. Education: Bachelor of Law, Soochow University, Entrepreneurship and Innovation MBA, National Taiwan University	Manager of United Renewable Energy Co., Ltd.	N/A	N/A	N/A	
Director	ROC	Nankang Rubber Tire Corp., Ltd.		2024.05.24	3 years	June 19, 2020	148,768	31.43	148,768	31.43	0	0	0	0	N/A	N/A	N/A	N/A	N/A	
	ROC	Representative: Jiang, Hsiu-Chen	Female 41–50 years old	2024.05.24	3 years	2024.05.24	0	0	0	0	0	0	0	0	Experience: Director, Chiu Pu Cultural and Educational Foundation Education: Department of Food and Nutrition, Ching Kuo Institute of Management and Health	Secretary, Chiu Pu Cultural and Educational Foundation	N/A	N/A	N/A	

Title	Nationality or Registration	Name	Gender Age	Date elected	Term	Date first elected	Shares Held When Elected		Shares Held at Present		Shares Held by Spouse & Minors		Shares Held by the Other's		Education and Experience	Current Position(s) in Other Companies	Spouse or Immediate Family as a Managerial Officer or Director			Remark
							Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding			Title	Name	Relationship	
Independent Director	ROC	Chen, Chun-Mei	Female 71–80 years old	2024.05.24	3 years	2024.05.24	633,000	0.13	250,000	0.05	0	0	0	0	Education: Master's Degree in Humanities, Arts and Social Sciences, School for Advanced Studies in the Social Sciences, France	Chairperson of Kai Yue Asset Management Co., Ltd., Chairperson of Weades International Co., Ltd., and Chairperson of Honest Doctor Biotechnology Ltd.	N/A	N/A	N/A	
Independent Director	ROC	Chang, Shou-Nan	Male 51–60 years old	2024.05.24	3 years	2024.05.24	0	0	0	0	0	0	0	0	Experience: CEO, KARMA Group Education: Master's degree in Business Administration, National Sun Yat-sen University	Currently a Doctoral Candidate in the Department of Biomedical Engineering at National Cheng Kung University	N/A	N/A	N/A	
Independent Director	ROC	Chiu, Ching-Yun	Male 71–80 years old	2024.05.24	3 years	2024.05.24	0	0	0	0	0	0	0	0	Experience: Director, Tainet Communication System Corp. Education: Department of Law, National Taiwan University	Practicing Attorney	N/A	N/A	N/A	
Independent Director	ROC	Wang, Chi-Lung	Male 51–60 years old	2024.05.24	3 years	2024.05.24	0	0	0	0	0	0	0	0	Experience: President, Easywell Biomedicals, Inc. Education: Master's Degree in Industrial Management, National Taiwan University of Science and Technology	Independent Director of Linkcom Manufacturing Co., Ltd., Independent Director of Kingwaytek Technology Corporation Limited, and Audit Supervisor of Amazing Microelectronic Corp.	N/A	N/A	N/A	

Title	Nationality or Registration	Name	Gender Age	Date elected	Term	Date first elected	Shares Held When Elected		Shares Held at Present		Shares Held by Spouse & Minors		Shares Held by the Other's		Education and Experience	Current Position(s) in Other Companies	Spouse or Immediate Family as a Managerial Officer or Director			Remark
							Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding			Title	Name	Relationship	
Independent Director	ROC	Yao, Wen-Liang	Male 51–60 years old	2024.05.24	3 years	October 15, 2021	0	0	0	0	0	0	0	0	Education: Department of Accounting of National Chung Hsing University	Managing CPA of Wei Yuan CPA Firm, Independent Director of New Era Electronics Co., Ltd., and Independent Director of Jioushun Construction Co.,Ltd.	N/A	N/A	N/A	

Table 1: Major Institutional Shareholders

March 20, 2025

Name of Institutional Shareholders	Major Shareholders of Institutional Shareholders
Nankang Rubber Tire Corp., Ltd.	Nan Kuan Tire Co.,Ltd. (18.18%) Yuanrui Development Industry Co., Ltd. (8.97%) Yuanhong Development Industrial Co., Ltd. (5.53%) Quanye Investment Co., Ltd. (4.04%) Zhikai Development Co., Ltd.(3.78%) Lin, Chun-Ying (2.27%) Kuo Chiang Chiang Ta Technology Co., Ltd. (revoked) (1.21%) Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds under custody of Business Department, Standard Chartered International Commercial Bank (1.08%) Vanguard Emerging Markets Stock Index Fund, A Series Of Vanguard International Equity Index Funds under custody of Business Department, Standard Chartered International Commercial Bank (1.02%) Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II under custody of Business Department, Standard Chartered International Commercial Bank (0.61%)

Table 2: Major Shareholders of Institutional Shareholders in Table 1 with Corporations as Their Major Shareholders

March 20, 2025

Name of Institutional Shareholders	Major shareholders of the corporate entity
Nan Kuan Tire Co.,Ltd	Heng Tai Holding Co., Ltd. (55.56%) Chiu Pu Cultural and Educational Foundation (22.96%) Nankang Rubber Tire Co., Ltd. (20.37%) Lin, Chun-Ming (1.11%)
Yuanrui Development Industry Co., Ltd.	Heng Tai Holding Co., Ltd. (72.268%) Chiu Pu Cultural and Educational Foundation (24.39%) Lin, Chun-Ying (2.049%) Yuanshong Development Co., Ltd. (0.797%) Quanye Investment Co., Ltd. (0.496%)
Yuanhong Development Industrial Co., Ltd.	Heng Tai Holding Co., Ltd. (99.34%) Zhikai Development Co., Ltd. (0.35%) Chiu Pu Cultural and Educational Foundation (0.21%) Yuanrui Development Industry Co., Ltd. (0.1%)
Quanye Investment Co., Ltd.	Heng Tai Holding Co., Ltd. (99.9%) Yuanrui Development Industry Co., Ltd. (0.1%)
Zhikai Development Co., Ltd.	Heng Tai Holding Co., Ltd. (90.7%) Quanye Investment Co., Ltd. (6.58%) Chiu Pu Cultural and Educational Foundation (2.62%) Yuanhong Development Industry Co., Ltd. (0.1%)
Kuo Chiang Chiang Ta Technology Co., Ltd. (revoked)	Nankang Rubber Tire Corp., Ltd. (46.18%)

(II) Information on directors (2)

I. Disclosure of information on the professional qualifications of directors and the independence of independent directors:

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairperson Kuo, Ling-Liang	Education: Bachelor, Department of Chemical Engineering, Feng Chia University Experience:Chairperson of Taixin Construction Co., Ltd. Current position: Chairperson of Taixin Construction Co., Ltd., Director of Federal International HoldingInc., Director of Amberg Investments Pte. Ltd., Director of Karroy Development Ltd., Director of Federal Tire North America LLC, Chairperson of Fu Cheng Development Co., Ltd. Chairperson of Nankang Rubber Tire Corp., Ltd., Chairperson of Nanzong Construction Developments, Co., Ltd., Chairperson of Nankang (Zhangjiagang Free Trade Zone) Rubber Industry Co., Ltd., and Chairperson of Taipei Nan Hong Tire Co., Ltd. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.	Not applicable	0
Director Chiang, Ching-Hsing	Education: PhD, Public Order, University of Leicester, UK Experience: Chairperson of Federal Corporation. Specialized in: business determination, leadership decision, business management, crisis management, industry knowledge and international market perspective. Not under any conditions defined in Article 30 of the Company Act.		0

Name \ Criteria	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Director Chen, Yi-Chen	Education: Department of Law, Soochow University; Entrepreneurship and Innovation MBA, National Taiwan University. Experience: Assistant Manager of United Renewable Energy Co., Ltd., current Assistant Manager, United Renewable Energy Co., Ltd., Manager, United Renewable Energy Co., Ltd. Specialized in: business determination, leadership decision, business management, crisis management, industry knowledge and international market perspective. Not under any conditions defined in Article 30 of the Company Act.		0
Director Jiang, Hsiu-Chen	Education: Department of Food and Nutrition, Ching Kuo Institute of Management and Health. Experience: Director, Chiu Pu Cultural and Educational Foundation and current Secretary, Chiu Pu Cultural and Educational Foundation. Specialized in: business determination, leadership decision, business management, crisis management, industry knowledge and international market perspective. Not under any conditions defined in Article 30 of the Company Act.		0
Independent Director Chen, Chun-Mei	Education: Master's Degree in Humanities, Arts and Social Sciences, School for Advanced Studies in the Social Sciences, France. Experience: Current Chairperson of Kai Yue Asset Management Co., Ltd., Chairperson of Weades International Co., Ltd., and Chairperson of Honest Doctor Biotechnology Ltd.. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.	Except for independent director Chen, Chun-Mei , who holds 250,000 shares of the Company (representing 0.05% of the total shares) as of March 20, 2025, all independent directors meet the following criteria: 1. Not a director, supervisor, or employee of the Company or its affiliated companies, or a spouse or relative within the second degree of kinship of any of the above.	0

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Chang, Shou-Nan	Education: Master's degree in Business Administration, National Sun Yat-sen University. Experience: CEO, KARMA Group, current Doctoral Candidate in the Department of Biomedical Engineering at National Cheng Kung University. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.	2. The person, spouse, second degree relatives or closer (or in the name of others) do not hold any shares of the Company. 3. He/She has not served as a director, supervisor, or employee of a company with specific relationships to the Company. 4. In the past two years, he/she has not received any remuneration for providing business, legal, financial, accounting, or other services to the Company or its affiliated enterprises.	0
Independent Director Chiu, Ching-Yun	Education: Department of Law, National Taiwan University Education: Director, Tainet Communication System Corp.; currently a practicing attorney. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.		0
Independent Director Wang, Chi-Lung	Education: Master's Degree in Industrial Management, National Taiwan University of Science and Technology. Experience: President, Easywell Biomedicals, Inc. Current Independent Director of Linkcom Manufacturing Co., Ltd., Independent Director of Kingwaytek Technology Corporation Limited, and Audit Supervisor of Amazing Microelectronic Corp. Specialized in: business determination, leadership decision, business management, crisis management, industry knowledge and international market perspective. Not under any conditions defined in Article 30 of the Company Act.		2

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Yao, Wen-Liang	Education: Department of Accounting, National Chung Hsing University Experience: Currently serving as the Managing CPA of Wei Yuan CPA Firm, Independent Director of New Era Electronics Co., Ltd., and Independent Director of Jioushun Construction Co.,Ltd. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.		2

II. Diversity and independence of the Board of Directors:

(I) Board diversity:

1. The Board of Directors of the Company approved the establishment of the "Corporate Governance Best Practice Principles" on August 12, 2019. Article 20 of the "Corporate Governance Best Practice Principles" specifies that the composition of the board of directors shall be based on the principle of diversity. Directors who also serve as the Company's managers shall not exceed one-third of the total number of directors, and an appropriate diversity policy shall be formulated based on its operation, operation model, and development needs, including but not limited to the two indicators below:
   (1) Basic conditions and values: Gender, age, nationality, and culture.
   (2) Professional knowledge and skills: Professional backgrounds (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

   The Board members shall generally possess the knowledge, skills, and qualities necessary to perform their duties. To achieve the ideal goals of corporate governance, the Board as a whole should possess the capabilities below:
   (1) Operational judgment.
   (2) Accounting and financial analysis skills.
   (3) Business management skills.
   (4) Crisis management capabilities.
   (5) Industry knowledge.
   (6) International market perspective.
   (7) Leadership
   (8) Decision-making ability.
2. The current status of the diversity of the board members of the company is as follows:

(1) Basic conditions and values: Gender, age, nationality, and culture.

The board members of the Company are all of domestic nationality. The composition structure includes 5 independent directors (with no independent director serving more than 3 consecutive terms), and 3 female directors, accounting for 33% of the total board members. As of the end of 2024, the age distribution of the directors is as follows: 1 director is aged 31-40; 1 director is aged 41-50; 3 directors are aged 51-60; 3 directors are aged 61-70; and 1 director is aged 71-80.

(2) Professional knowledge and skills: Professional backgrounds, professional skills, and industry experience.

The current board of directors of the Company consists of 9 members, all of whom are distinguished individuals with extensive professional experience. They possess abilities in leadership decision-making, management, operational judgment, crisis handling, industry knowledge, and global market perspectives. Two directors have expertise in law and business administration, two directors have backgrounds in accounting, finance, and business administration, and five directors have expertise in industry knowledge and business administration.

(II) Independence of the board of directors:

All 5 independent directors of the Company (representing 56% of the total board members) meet the requirements set forth by the Financial Supervisory Commission (FSC) regarding independent directors. Furthermore, none of the board members are subject to the circumstances specified in Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

(III) President, Vice Presidents, Associate Managers, and Supervisors of All the Company's Divisions and Branches

March 20, 2025

Unit: In thousand shares; %

Title	Nationality	Name	Gender	Date elected	Shares Held Directly		Shares Held by Spouse or Minors		Shares Held by the Other's		Education and Experience	Current Position(s) in Other Companies	Spouse or Immediate Family Holding Position as President or Vice President			Remark
					Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding			Title	Name	Relationship	
President	ROC	Chung, Cheng-Yen	Male	2023.11.09	0	0	0	0	0	0	Graduate Institute of Political Science, National Taiwan Normal University	N/A	N/A	N/A	N/A	
Vice president (Head of Finance Department) (Chief Financial Officer/Corporate Governance Officer)	ROC	Lu, Hsin-I	Male	2023.11.09	15	0	0	0	0	0	Department of Accounting of Chung Yuan Christian University.	N/A	N/A	N/A	N/A	
Head of Research and Development Department	ROC	Huang, Chao-Shing	Male	2023.10.20	0	0	0	0	0	0	Department of Chemistry, Chinese Culture University	N/A	N/A	N/A	N/A	
Head of Management Department	ROC	Wang, Li-Hua	Male	2021.10.01	0	0	0	0	0	0	Master’s, School of Management, Ming Chuan University	N/A	N/A	N/A	N/A	
Head of Operation Department	ROC	Hsu, Ming-De	Male	2023.11.26	0	0	0	0	0	0	Graduate Institute of Business Administration, University of Lincoln	N/A	N/A	N/A	N/A	
Chief of Accounting Officer	ROC	Li, Hsin-Yu	Male	2007.01.22	10.393	0	0.57	0	0	0	Graduate Institute of Accounting, Chung Yuan Christian University	N/A	N/A	N/A	N/A	

II. Remuneration to directors, President, and Vice President in the most recent year

(I) Remuneration to non-independent directors and independent directors

Unit: NTD thousand

Title	Name	Remuneration to directors								Ratio of total remuneration (A+B+C+D) to net income		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of total remuneration (A + B + C + D + E + F +G) to net income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance pay and pension (B)		Reward of Directors (C)		Business execution expenses (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash	Share	Cash	Share			
Chairperson	Nankang Rubber Tire Corp., Ltd. Representative: Kuo, Lin-Liang	240	240	-	-	-	-	40	40	280 -0.06%	280 -0.06%	1,001	1,001	-	-	-	-	-	-	1281 -0.28%	1281 -0.28%	N/A
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chiang, Ching-Hsing	240	240	-	-	-	-	40	40	280 -0.06%	280 -0.06%	-	-	-	-	-	-	-	-	280 -0.06%	280 -0.06%	N/A
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chen, Yi-Chen	240	240	-	-	-	-	35	35	275 -0.06%	275 -0.06%	-	-	-	-	-	-	-	-	275 -0.06%	275 -0.06%	N/A
Director	Nankang Rubber Tire Corp., Ltd. Representative: Jiang, Hsiu-Chen	160	160	-	-	-	-	20	20	180 -0.04%	180 -0.04%	-	-	-	-	-	-	-	-	180 -0.04%	180 -0.04%	N/A
Independent Director	Yao, Wen-Liang	600	600	-	-	-	-	40	40	640 -0.14%	640 -0.14%	-	-	-	-	-	-	-	-	640 -0.14%	640 -0.14%	N/A
Independent Director	Chen, Chun-Mei	400	400	-	-	-	-	20	20	420 -0.09%	420 -0.09%	-	-	-	-	-	-	-	-	420 -0.09%	420 -0.09%	N/A
Independent Director	Chiu, Ching-Yun	400	400	-	-	-	-	20	20	420 -0.09%	420 -0.09%	-	-	-	-	-	-	-	-	420 -0.09%	420 -0.09%	N/A
Independent Director	Wang, Chi-Lung	400	400	-	-	-	-	20	20	420 -0.09%	420 -0.09%	-	-	-	-	-	-	-	-	420 -0.09%	420 -0.09%	N/A
Independent Director	Chang, Shou-Nan	400	400	-	-	-	-	20	20	420 -0.09%	420 -0.09%	-	-	-	-	-	-	-	-	420 -0.09%	420 -0.09%	N/A
Director	Taiwan Insulation Applied Technology Co. Representative: Ko, Tso-Liang (Dismissed on 2024.05.24)	100	100	-	-	-	-	20	20	120 -0.03%	120 -0.03%	-	-	-	-	-	-	-	-	120 -0.03%	120 -0.03%	N/A

Title	Name	Remuneration to directors								Ratio of total remuneration (A+B+C+D) to net income		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of total remuneration (A + B + C + D + E + F +G) to net income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance pay and pension (B)		Reward of Directors (C)		Business execution expenses (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
																Cash	Share	Cash	Share			
Director	Huan-Xiang Investment Co., Ltd. Representative: Chen, Chung-I (Dismissed on 2024.05.24)	100	100	-	-	-	-	20	20	120 -0.03%	120 -0.03%	-	-	-	-	-	-	-	-	120 -0.03%	120 -0.03%	N/A
Director	Huan-Xiang Investment Co., Ltd. Representative: Yu, Chih-Ching (Dismissed on 2024.05.24)	100	100	-	-	-	-	15	15	115 -0.02%	115 -0.02%	-	-	-	-	-	-	-	-	115 -0.02%	115 -0.02%	N/A
Independent Director	Cheng, Fu-Yueh (Dismissed on 2024.05.24)	250	250	-	-	-	-	20	20	270 -0.06%	270 -0.06%	-	-	-	-	-	-	-	-	270 -0.06%	270 -0.06%	N/A
Independent Director	Chao, Shih-I (Dismissed on 2024.05.24)	250	250	-	-	-	-	10	10	260 -0.06%	260 -0.06%	-	-	-	-	-	-	-	-	260 -0.06%	260 -0.06%	N/A

1. Please describe the independent directors' remuneration policy, system, standards, and structure, and explain the factors, including the independent directors' duties, risks, and invested time connecting to the remuneration amount:
   a. The board of directors, in accordance with the regulations of the Company's Articles of Incorporation, shall determine their remuneration based on the degree of their participation in the Company's operations and the value of individuals' contribution, while with reference to the general standards in the industry.
   b. The Company's Articles of Incorporation also stipulates that no more than 3% of the annual profit shall be set aside as the director's remuneration.
2. In addition to those disclosed in the above table, the remuneration received by the directors in the most recent year for providing services (such as serving as a non-employee consultant of the parent company/all companies listed in the financial statements/investeee(s): None.

(II) Remuneration to the President and Vice Presidents

Unit: NTD 1,000

Title	Name	Salary (A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total remuneration (A+B+C+D) to net income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company	Companies in the consolidated financial statements (Note 5)	The Company		Companies in the consolidated financial statements (Note 5)		The Company	Companies in the consolidated financial statements	
								Cash	Share	Cash	Share			
President	Chung, Cheng-Yen	1,315	1,315	66	66	451	451	-	-	-	-	1,832 -0.39%	1,832 -0.39%	N/A
Vice president	Lu, Hsin-I	1,584	1,584	83	83	56	56	-	-	-	-	1,723 -0.37%	1,723 -0.37%	N/A

(III) Remuneration of the top five managers with the highest remuneration

Unit: NTD 1,000

Title	Name	Salary and wages (A)		Severance Pay (B)		Bonuses and Allowances (C)		Amount of employee remuneration (D)				Ratio of total remuneration (A+B+C+D) to net income		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company	Companies in the consolidated financial statements	The Company		Companies in the consolidated financial statements		The Company	Companies in the consolidated financial statements	
								Cash	Share	Cash	Shares Amount			
President	Chung, Cheng-Yen	1,315	1,315	66	66	451	451	-	-	-	-	1,832 -0.39%	1,832 -0.39%	N/A
Vice president	Lu, Hsin-I	1,584	1,584	83	83	56	56	-	-	-	-	1,723 -0.37%	1,723 -0.37%	N/A
Manager, Finance Department	Li, Hsin-Yu	1,164	1,164	73	73	48	48	-	-	-	-	1,285 -0.28%	1,285 -0.28%	N/A
Head of Management Department	Wang, Li-Hua	1,168	1,168	70	70	46	46	-	-	-	-	1,284 -0.28%	1,284 -0.28%	N/A
Head of Research and Development Department	Huang, Chao-Shing	1,111	1,111	66	66	45	45	-	-	-	-	1,222 -0.26%	1,222 -0.26%	N/A

(IV) Name of the managers who received employee compensation and the distribution:
None.

(V) Compare and explain the Company's and all companies in the consolidated statement in the past two years of the total amount of remuneration of the Company's directors, President, and Vice Presidents as the percentage of the parent company only net income after tax; analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance:

(1)The total remuneration paid by the Company and all companies in the consolidated statement to the directors, President, and Vice Presidents as a percentage of the net income after tax is as follows:

Item	The Company		All companies in the consolidated statement	
	2024	2023	2024	2023
Total amount of directors' remuneration as a percentage of the Company's net income after tax on a standalone basis	-1.12%	-0.39%	-1.12%	-0.39%
Total remuneration to President and Vice Presidents as a percentage of net income after tax on a standalone basis	-0.76%	-0.22%	-0.76%	-0.22%

(2)Policy, standard and combination of the remuneration, remuneration setting procedures, and the relevance of the business performance and the future risks:

1. According to Article 19 of the Company's Articles of Incorporation, the Board of Directors is authorized to determine the remuneration to the Chairperson and directors based on their participation in the Company's operations and the value of their contributions, and the level of remuneration adopted in the same industry. In addition, the Company's Board of Directors Performance Evaluation Regulations is taken into consideration, and the performance evaluation is conducted annually. The evaluation items in the Regulations are as follows: mastery of the Company's goals and missions, awareness of responsibilities, internal relationship management and communication, directors' professionalism and continuing education, and internal control, etc. After comprehensive consideration, the performance evaluation results are used as a reference for setting individual directors' salaries and remuneration, and reasonable remuneration is paid. If the Company makes a profit in a given year, the Company's Articles of Incorporation provides that no more than 3% of the profit be set aside as directors' remuneration. The actual appropriation percentage and amount, on the other hand, are subject to the Remuneration Committee's review and recommendations based on the Company's business performance, and then resolved by the Board of Directors.

2. The appointment, dismissal, and remuneration of the Company's managers shall be resolved by the Board of Directors in accordance with the provisions of the Articles of Incorporation. Remuneration for manageris includes both fixed and variable remuneration. Fixed remuneration is determined based on the officer’s position, experience, professional expertise, years of service, and industry standards. Variable remuneration is linked to the Company’s performance objectives, including revenue and profit targets, the implementation of KPIs designed according to annual goals, and forward-looking performance metrics. It is granted based on the manageri’s performance, level of participation in overall operations, and contributions to the Company.
   In addition, if the Company generates profit for the fiscal year, in accordance with Article 22 of the Articles of Incorporation, 0.1% to 1% of the profit shall be allocated as employee remuneration. The actual percentage and amount to be distributed are proposed by the Remuneration Committee and resolved by the Board of Directors.
3. The Company's remuneration policy and related payment standards are primarily based on the overall operational performance of the Company. The payment standards are determined in consideration of the level of performance achievement and individual contributions, with the goal of enhancing the overall effectiveness of the Board of Directors and the management team. Industry remuneration standards are also taken into consideration to ensure that the remuneration of the Company’s management remains competitive within the industry, thereby retaining outstanding managerial talent.

III. Corporate Governance Status

(I) Operation of the Board of Directors

The Board of Directors held 8 meetings (A) in 2024. The attendance of directors is as follows:

Title	Name	Attendance in person (B)	No. of Meetings Attended by Proxy	Actual attendance (%) [B/A]	Remark
Chairperson	Nankang Rubber Tire Corp., Ltd. Representative: Kuo, Lin-Liang	8	0	100	Re-elected on 2024.05.24
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chiang, Ching-Hsing	8	0	100	Re-elected on 2024.05.24
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chen, Yi-Chen	7	1	88	Re-elected on 2024.05.24
Director	Nankang Rubber Tire Corp., Ltd. Representative: Jiang, Hsiu-Chen	4	0	100	Newly elected on 2024.05.24
Independent Director	Yao, Wen-Liang	8	0	100	Re-elected on 2024.05.24
Independent Director	Chen, Chun-Mei	4	0	100	Newly elected on 2024.05.24
Independent Director	Chang, Shou-Nan	4	0	100	Newly elected on 2024.05.24
Independent Director	Chiu, Ching-Yun	4	0	100	Newly elected on 2024.05.24
Independent Director	Wang, Chi-Lung	4	0	100	Newly elected on 2024.05.24
Director	Taiwan Insulation Applied Technology Co. Representative: Ko, Tso-Liang	4	0	100	Discharged on 2024.05.24
Director	Huan-Xiang Investment Co., Ltd. Representative: Yu, Chih-Ching	3	1	75	Discharged on 2024.05.24
Director	Huan-Xiang Investment Co., Ltd. Representative: Chen, Chung-I	4	0	100	Discharged on 2024.05.24
Independent Director	Cheng, Fu-Yueh	4	0	100	Discharged on 2024.05.24
Independent Director	Chao, Shih-I	2	2	50	Discharged on 2024.05.24

Other matters that are required to be disclosed:

I. If any of below listed-circumstances of operations of Board Meetings occur, it is necessary to be disclosed, including dates of board meetings, sessions, the contents of motions, all independent opinions from Independent Directors and the Company's response to such Independent Directors' opinions:
   (I) Matters specified in Article 14-3 of the Securities and Exchange Act: Please refer to pages 47–49 for details of the resolutions.
   (II) In addition to above matters, the resolutions adopted by the board of directors to which independent directors have objections or reservations on record or in a written statement: Please refer to p.47–49.

II. Disclosure regarding recusal for interest-conflicting proposals, including the names of directors concerned, the content of proposals, reason for recusal, and the voting process: None.

III. A publicly listed company shall disclose the cycle and period, scope, method, and content of the self-evaluation (or peer evaluation) of the performance of the board of directors and disclose the implementation status of board evaluation: Please refer to Table 1.

IV. Evaluation of the objective of strengthening the functions of the board of directors and the implementation in the current year and the last year:
   To enable the Board members to effectively fulfill their functions, the Company encourages its directors to pursue continuing education in order to stay updated with the latest knowledge and enhance their responsiveness to emerging challenges. In 2024, directors participated in training programs based on their individual needs, with a total of 84 hours of director training completed. (Details regarding the directors' training hours, attendance at board meetings, and the current positions, experience, and concurrent posts held by independent directors are disclosed on the Market Observation Post System under: Corporate Governance → Attendance of Directors and Supervisors at Board Meetings and Director Training, and Current Positions, Experience, and Concurrent Positions of Independent Directors (Individual Information).

Table 1 Implementation status of board evaluation

Frequency	Period	Scope	Method	Content
Once a year	From 2024/1/1 to 2024/12/31	The board of directors as a whole	Internal self-evaluation	A. The degree of participation in the Company's operations B. Improvement to the decision-making quality of the Board C. Board composition and structure D. Directors' election of and continuing education E. Internal control
Once a year	From 2024/1/1 to 2024/12/31	Individual board members	Directors' self-evaluation	A. Understanding of the Company's goals and tasks B. Awareness of directors' responsibilities C. The degree of participation in the Company's operations D. Internal relations management and communication E. Directors' professionalism and continuing education F. Internal control
Once a year	From 2024/1/1 to 2024/12/31	All functional committees	Internal self-evaluation	A. The degree of participation in the Company's operations B. Understanding of functional committees' responsibilities C. Improvement to the decision-making quality of functional committees D. Composition of functional committees and appointment of members E. Internal control

On August 12, 2020, the Company's Board of Directors approved the "Board of Directors Performance Evaluation Regulations," which stipulate that an external evaluation shall be conducted at least once every three years. Performance evaluations are carried out using self-assessment questionnaires. The results of the 2024 performance evaluations of the Board members, the Board of Directors, the Remuneration Committee, and the Audit Committee were reported to the Board of Directors on March 3, 2025. The results of the Board performance evaluations are used as a reference in the selection or nomination of directors. Furthermore, the results of individual directors' performance evaluations serve as a basis for determining their respective remuneration. The evaluation outcomes are disclosed on the Company's official website:
https://federalcorporation.com.tw/tc/Corporate_Governance.php

(II) Operation of the audit committee

In 2024, the Audit Committee had held 5 (A) meetings in the last year, and the attendance of independent directors is as follows:

Title	Name	Attendance in person (B)	No. of Meetings Attended by Proxy	Actual attendance (%) (B/A)	Remark
Independent Director	Yao, Wen-Liang	5	0	100	Re-elected on 2024.05.24
Independent Director	Chen, Chun-Mei	3	0	100	Newly elected on 2024.05.24
Independent Director	Chang, Shou-Nan	3	0	100	Newly elected on 2024.05.24
Independent Director	Chiu, Ching-Yun	3	0	100	Newly elected on 2024.05.24
Convener	Wang, Chi-Lung	3	0	100	Newly elected on 2024.05.24
Independent Director	Cheng, Fu-Yueh	2	0	100	Discharged on 2024.05.24
Independent Director	Chao, Shih-I	0	2	0	Discharged on 2024.05.24

Annual focus areas of the audit committee

- Reviewed financial reports
  The board of directors prepared the Company's 2024 business report, financial statements, and statement of earnings distribution, among which the financial statements have been audited by Baker Tilly Clock & CO, by whom an audit report has been issued. The above business report, financial statements, and statement of earnings distribution have been reviewed by the Audit Committee without any inconsistency identified.
- Assessed the effectiveness of the internal control system
  The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, outsourcing, compliance, and other control measures) and reviewed the Company's Auditing Office and CPAs, while reporting to the management regularly, including risk management and compliance. With reference to Internal Control - Integrated Framework issued by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in 2013, the Audit Committee believed that the Company's risk management and internal control systems were effective and that the Company has adopted necessary control measures to monitor and rectify violations.
- Appointed CPAs
  The Audit Committee was entrusted to oversee the independence of the CPAs to ensure the impartiality of the financial statements. Generally speaking, except for tax-related services or items approved, the CPA firm shall not provide other services to the Company. All services provided by CPAs shall be approved by the Audit Committee.
  To ensure the independence and suitability of the CPAs at Baker Tilly Clock & CO., the board of directors on March 3, 2025 reviewed Peng, Li-Chen and Chou, Yin-Lai, CPAs at Baker Tilly Clock & CO, as per the Company's Regulations on the Assessment of CPAs' Independence and Suitability and approved that they both met the independence criteria and were qualified to serve as the CPAs for the Company's financial statements and taxes.

Other matters that are required to be disclosed:

I. If the operations of the Audit Committee falls under any of the circumstances below, please specify the date of the meeting, the term of the Audit Committee, the content of the proposal, independent directors' dissenting opinion or qualified opinion or major suggestions, the results of the Audit Committee's resolutions, and the Company's response to the Audit Committee's opinions.
   (I) Items listed under Article 14-5 of the Securities and Exchange Act: Please refer to Note 1.
   (II) In addition to above mentioned matters, any resolution made by over two-third of the board of directors but not approved by Audit Committee: None.

II. Disclosure regarding recusal from interest-conflicting proposals, including the names of independent directors concerned, the content of proposals, reason for recusal, and the voting process: None.

III. Communications between the independent directors and the Company's chief internal auditor/CPAs (shall include the material issues, methods, and results of audits of corporate finance or operations):
   (I) The chief internal auditor attends the Audit Committee meeting on a quarterly basis to report on audit business and communicates with independent directors at the Audit Committee meetings.
   (II) The Company's CPAs reported on the results of audits on the financial statements of the year and other matters that need to be communicated as required by relevant laws and regulations at the annual Audit Committee meeting. The communication between the members of the Audit Committee and the CPAs is smooth.
   (III) The chief auditor and the CPA may communicate directly with the independent directors as needed, and communication has been smooth.
   (IV) In 2024 and up to the publication date of this annual report, the communication situations are summarized in Note 2 and Note 3.

Note 1: Important resolutions by the Audit Committee in the most recent year and up to the publication date of this annual report:

Audit Committee	Motion	Independent directors' objections, reservations, or major suggestions	Resolution results	The Company's response to the Audit Committee's opinions:
2024.03.06 15th meeting of the 3rd term	1. The self-prepared financial data and business report of 2023. 2. Statement of deficit compensation for 2023. 3. Distribution of cash dividends for the second half of 2023. 4. Issuance of the "Statement on Internal Control System" 2023. 5. Appointment and remuneration of the attesting CPAs. 6. Provision of loans to wholly-owned U.S. subsidiary, Federal Tire North America LLC.	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.
2024.05.10 16th meeting of the 3rd term	1. 2024 Q1 financial report. 2. Lending of Funds to Taixin Construction Co., Ltd., a Wholly-Owned Subsidiary of the Company.	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.
2024/09/13 1st meeting of the 4th term	1. Election of the convener and the chairperson of the 4th term of the Audit Committee. 2. 2024 Q2 financial report 3. 2024 first half cash dividend distribution proposal 4. Formulation of the internal control system and implementation rules for "other management items: management of sustainable information"	None.	1. All attending members unanimously elected Wang, Chi-Lung as the convener and chairperson of the 4th Audit Committee. 2. Approved as submitted with the unanimous consent of all attending committee members. 3. Approved as submitted with the unanimous consent of all attending committee members. 4. Approved as submitted with the unanimous consent of all attending committee members.	1. Executed as resolved 2. Submitted to and approved by the board of directors. 3. Submitted to and approved by the board of directors. 4. Submitted to and approved by the board of directors.
2024/11/12 2nd meeting of the 4th term	1. Q3 2024 financial report. 2. Submission of the 2025 annual audit plan.	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.
2024/12/18 3rd meeting of the 4th term	1. The financing loan contract with Hua Nan Commercial Bank, Ltd. was renewed upon maturity.	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.
2025/03/03 4th meeting of the 4th term	1. 2024 Self-closing financial information and business report. 2. 2024 loss make-up proposal 3. Distribution of cash dividends in the second half of 2024. 4. 2024 Statement of Internal Control System 5. Appointment and remuneration of the attesting CPAs. 6. Waiver of all debts owed by the U.S. subsidiary, Federal Tire North America LLC.	None.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.

Note 2: Communication between independent directors and the Internal Audit Officer

Date	Communication meeting	Matters communicated	Communication results
2024.03.06	Audit Committee	Report on the implementation of the audit work in the fourth quarter of 2023. Report on the 2023 Statement on Internal Control System.	No objection
2024.05.10	Audit Committee	2024 Q1 audit implementation report	No objection
2024/09/13	Audit Committee	2024 Q2 audit implementation report	No objection
2024/11/12	Audit Committee	2024 Q3 audit implementation report	No objection
2025/03/03	Audit Committee	2024 Q4 audit implementation report 2024 Statement of Internal Control System.	No objection

Note 3: Communication between independent directors and CPAs

Date	Communication meeting	Matters communicated	Communication results
2024.03.06	Audit Committee	1. CPAs reported to the Audit Committee on the 2023 consolidated and standalone financial statements. 2. CPAs discussed and communicated the issues raised by the Audit Committee members and attendees.	No objection
2025/03/03	Audit Committee	1. The Company's 2024 consolidated and parent company only financial statements are arranged to be brief and explained to the Audit Committee by the CPAs. 2. CPAs discussed and communicated the issues raised by the Audit Committee members and attendees.	No objection

(III) Status of corporate governance, deviations from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons for such deviations:

Evaluation Items	Operational Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
I. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	V		The board of directors, on August 12, 2019, approved to formulate the Corporate Governance Best Practice Principles as per the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and disclosed it on the Market Observation Post System	N/A

Evaluation Items	Operational Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
			(https://federalcorporation.com.tw/tc/Corporate_Governance.php) and the Company's website.	
II. Shareholding structure and shareholders' rights (I) Did the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure? (II) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares? (III) Does the Company establish and execute the risk management and firewall system within its conglomerate structure? (IV) Did the Company establish internal rules against insiders trading with undisclosed information?	V V V V		(I) Article 13 of the Company's "Corporate Governance Best Practice Principles" mandates the finance department to properly handle shareholder suggestions, concerns, and disputes, and implement the procedures accordingly. (II) The Company continuously monitors the shareholding status of directors, managers, and the top ten shareholders. (III) The Company has established relevant controls within its internal control system and affiliated enterprise management guidelines. (IV) The Company has established the “Procedures for Handling Material Internal Information and Preventing Insider Trading,” which prohibit company insiders from trading securities using undisclosed market information.	N/A
III. Composition and Responsibilities of the Board of Directors (I) Has the Board formulated a diversity policy and specific management objectives and duly implemented them? (II) Does the Company voluntarily establish other functional committees in addition to the Compensation Committee and the Audit Committee? (III) Has the Company established	V V	 V	(I) Please refer to the Board Diversity and Independence Explanation on p. 12-13 of this annual report. (II) The Company has not yet established other functional committees other than the Remuneration Committee and the Audit Committee. (III) On August 12, 2020, the	N/A

Evaluation Items	Operational Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
methodology for evaluating the performance of its Board of Directors, on an annual basis? Are the results of the evaluation reported at the Board Meetings and used as reference for remuneration and the nomination for re-election?			Company's Board of Directors approved the "Board of Directors Performance Evaluation Regulations," which stipulate that an external evaluation shall be conducted at least once every three years. Performance evaluations are carried out using self-assessment questionnaires. The results of the 2024 performance evaluations of the Board members, the Board of Directors, the Remuneration Committee, and the Audit Committee were reported to the Board of Directors on March 3, 2025. The results of the Board performance evaluations will be used as a reference in the selection or nomination of directors. Furthermore, the results of individual directors' performance evaluations serve as a basis for determining their respective remuneration. The evaluation outcomes are disclosed on the Company's official website: https://federalcorporation.com.tw/tc/Corporate_Governance.php	
(IV) Does the Company regularly evaluate the independence of CPAs?	V		(IV) The Audit Committee of the Company conducts an annual assessment of the independence and competency of its attesting CPAs. In addition to requiring the CPAs to provide a "Declaration of Independence," the evaluation is carried out in accordance with the criteria specified in Note 1. The assessment results for the most recent year were submitted to the Board of Directors and the evaluation of the CPAs' independence and competency was approved at the Board	

Evaluation Items	Operational Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
			meeting held on March 3, 2025.	
IV. Does a TWSE/TPEx listed company set up a full/part-time corporate governance unit or personnel to be in charge of corporate governance affairs including, but not limited to, providing directors and supervisors with required information for business execution, handling relevant matters with board meetings and shareholders' meetings according to the laws, processing corporate registration and amendment registration, and preparing minutes of board meetings and shareholders' meetings?	V		The Board of Directors approved the appointment of Vice president Lu, Hsin-Yi as the corporate governance officer on November 12, 2021, to protect the rights and interests of shareholders and strengthen the functions of the Board of Directors. Vice President Lu, Hsin-Yi has more than three years of experience serving as a financial officer at a public company. The key responsibilities of the Company's Corporate Governance Officer are as follows: Key business activities: 1. Handling matters related to Board of Directors and shareholders' meetings in accordance with the law. 2. Preparing minutes for Board of Directors and shareholders' meetings. 3. Assisting directors with onboarding and continuing education. 4. Providing directors with the necessary information to perform their duties. 5. Assisting directors in complying with applicable laws and regulations. 6. Handling other matters as stipulated in the Company's Articles of Incorporation or contractual agreements.	N/A
V. Does the Company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company maintains smooth communication with employees, suppliers, investors, consumers, and distributors through a labor union and the procurement, finance, and other units and has set up a section dedicated to stakeholders on the Company's website to appropriately respond to important corporate social responsibility issues about which stakeholders are concerned. Stakeholder section of the Company's website: https://federalcorporation.com.tw/tc/stakeholder.php	N/A

Evaluation Items	Operational Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
VI. Has the company appointed a professional shareholder service agency to deal with shareholder affairs?	V		The Company has appointed the Registrar and Transfer Agency Department, Yuanta Securities Co., Ltd., to handle the affairs of the shareholders' meeting.	N/A
VII. Information Disclosure (I) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(I) The Company has established a corporate website (https://federalcorporation.com.tw/tc/Fundamentals.php), through which it discloses information on financial performance, business operations, and corporate governance under the Investor Relations section.	N/A
(II) Does the Company have other information disclosure channels (e.g., building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(II) Information disclosure channels: 1. An English-language website has been set up at https://www.federaltire.com/en/. 2. We have designated personnel, as per the nature of their jobs, to collect and disclose company information. 3. We have established a spokesperson system with one spokesperson and one acting spokesperson. 4. We have disclosed the information on investor conference on the Company's website.	
(III) Does the Company announce and report the annual financial report within two months after the end of the fiscal year and announce and report the first, second and third quarter financial reports and operating performance of each month before the prescribed deadline?		V	(III) The Company has announced and reported the financial reports and monthly financial performance prior to a deadline.	
VIII. Is there any other important information to facilitate a better	V		(I) Employee equity: The Company has settled the pension	N/A

Evaluation Items	Operational Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors)?			in accordance with the Labor Standards Act and the employees who have reached the consent to retire under the defined benefit plan. As of December 31, 2023, the Company has no employees who are subject to the defined benefit plan retirement regulations. For the pension plan under the Labor Pension Act chosen by the employees, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum. (II) Employee care: We contribute to the welfare fund according to law and have set up an employee welfare committees to implement various benefit policies. We provide additional allowances for employees' marriage and birthday, as well as various insurance policies, condolence money and other benefit measures. (III) Investor relations: The Company continues to maintain positive interaction with investors, including financial information disclosure, regular communication with investors through various events (such as investor conference), and provides investors' feedback to the Company's senior management and relevant units as a reference for improvement and adjustments. In the future, the Company will continue to strengthen investor relations and maintain positive communication and exchanges with them.	

Evaluation Items	Operational Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
			(IV) Stakeholders' rights: We provide diverse communication channels and disclose information, maintain positive communication with stakeholders, and collect their issues of concern (see the Company's 2023 Sustainability Report P8 - P10 on the MOPS). (V) Training status of directors (including independent directors): Details regarding the directors' training hours, attendance at board meetings, and the current positions, experience, and concurrent posts held by independent directors are disclosed on the Market Observation Post System under: Corporate Governance → Attendance of Directors and Supervisors at Board Meetings and Director Training, and Current Positions, Experience, and Concurrent Positions of Independent Directors (Individual Information). (VI) Implementation of risk management policies and risk measurement standards: Our major operational policies, investment projects, endorsement/guarantees, loans to others, banks' financing, and other major proposals have been evaluated and analyzed by responsible departments and implemented in accordance with the resolutions adopted by the board of directors. The Auditing Office also formulates an annual audit plan according to the risk assessment results and implements it accordingly; thereby duly implementing our supervision mechanism and managing various risks. (VII) We provide directors with the information to which they pay attention at any time and report on our business at board meetings from time	

Evaluation Items	Operational Status			Discrepancy between the corporate governance principles implemented by the Company and the Principles, and the reason for the discrepancy
	Yes	No	Summary	
			to time. (VIII) The Company's purchase of liability insurance for directors: The Articles of Incorporation clearly stipulate that liability insurance for directors shall be purchased from 2018.	
IX. Please indicate the improvement that has been done for the results of the corporate governance evaluation issued by the Center for Corporate Governance of TWSE in the most recent year and provide priority measures for those items that have not yet been improved: The Company's 2024 general shareholders' meeting was held on May 24.				

Note 1: The criteria for the assessment of the independence of the CPAs

Item
1. As of the last audit, there is no such a situation where the CPA has not been replaced for seven years.
2. The CPA is not involved in financial interests with the client.
3. Any inappropriate relations with the client are avoided.
4. The CPA ensures the honesty, impartiality, and independence of their assistants.
5.The CPA avoids auditing the financial statements of the organization(s) where they served in the last two years.
6. The CPA avoids their name being used by others.
7. The CPA does not hold the shares of the Company and its affiliates.
8. The CPA is not involved in loans with the Company and its affiliates.
9. The CPA is not involved in joint investment or sharing interests with the Company and its affiliates.
10. The CPA does not hold a full-time job with a fixed regular payment at the Company and its affiliates.
11. The CPA is not involved in management at the Company and its affiliates.
12. The CPA is not concurrently operating other businesses that may cause them to lose the independence.
13. The CPA is not a spouse, lineal relative, direct relative by marriage, or relative within second degree of kinship of any management personnel person at the Company.
14. The CPA does not charge any business-related commissions.
15. As of today, the CPA has not been punished nor their independence has been undermined.

(IV) The composition, duties, and operation of the Remuneration Committee shall be disclosed:

The company established the Remuneration Committee Charter on December 27, 2011 and set up the Remuneration Committee. Ms. Chen, Chun-Mei, Mr. Chang, Shou-Nan, Mr. Chiu, Ching-Yun, Mr. Wang, Chi-Lung and Mr. Yao, Wen-Liang and Mr. Chao, Shih-I are appointed as members of the Remuneration Committee. They are responsible for formulating and regularly reviewing the director and managerial officer performance evaluation policy and the remuneration policy, while evaluating their remuneration.

(1) Information on the members of the Remuneration Committee

March 20, 2025

<table>
<tr><th>Criteria
Name</th><th>Professional qualifications and experience</th><th>Independence criteria</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director</th></tr>
<tr><td>Independent Director Chen, Chun-Mei</td><td>Education: Master’s Degree in Humanities, Arts and Social Sciences, School for Advanced Studies in the Social Sciences, France.
Experience: Current Chairperson of Kai Yue Asset Management Co., Ltd., Chairperson of Weades International Co., Ltd., and Chairperson of Honest Doctor Biotechnology Ltd..
Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.
Not under any conditions defined in Article 30 of the Company Act.</td><td rowspan="2">Except for independent director Chen, Chun-Mei , who holds 250,000 shares of the Company (representing 0.05% of the total shares) as of March 20, 2025, all independent directors meet the following criteria:
1. Not a director, supervisor, or employee of the Company or its affiliated companies, or a spouse or relative within the second degree of kinship of any of the above.
2. The person, spouse, second degree relatives or closer (or in the name of others) do not hold any shares of the Company.
3. Not a director, supervisor, or employee of any company that has a specific relationship with the Company.
4. The amount of remuneration received by the Company or its affiliates for providing commercial, legal, financial, accounting services in the last two years.</td><td>0</td></tr>
<tr><td>Independent Director Chang, Shou-Nan</td><td>Education: Master's degree in Business Administration, National Sun Yat-sen University.
Experience: CEO, KARMA Group, current Doctoral Candidate in the Department of Biomedical Engineering at National Cheng Kung University.
Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective.
Not under any conditions defined in Article 30 of the Company Act.</td><td>0</td></tr>
</table>

Criteria / Name	Professional qualifications and experience	Independence criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Chiu, Ching-Yun	Education: Department of Law, National Taiwan University Education: Director, Tainet Communication System Corp.; currently a practicing attorney. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.		0
Independent Director Wang, Chi-Lung (Convenor)	Education: Master's Degree in Industrial Management, National Taiwan University of Science and Technology. General Manager of EASYWELL BIOMEDICALS Co., Ltd.; Independent Director of LITE-ON ELECTRONICS Co., Ltd.; Independent Director of Qinyi International Technology Co., Ltd.; Chief Auditor of Crystalwise Technology Inc. Specialized in: business determination, leadership decision, business management, crisis management, industry knowledge and international market perspective. Not under any conditions defined in Article 30 of the Company Act.		2
Independent Director Yao, Wen-Liang	Education: Department of Accounting, National Chung Hsing University Experience: Currently serving as the Managing CPA of Wei Yuan CPA Firm, Independent Director of New Era Electronics Co., Ltd., and Independent Director of Jioushun Construction Co.,Ltd. Expertise: Skilled in operational judgment, leadership decision-making, business management, crisis handling, with industry knowledge and a global market perspective. Not under any conditions defined in Article 30 of the Company Act.		2

(2) Information on the operation of the Remuneration Committee

I. The Company's Remuneration Committee consists of five members.

II. The term of office of the current committee members: From May 24, 2024 to May 23, 2027. The Remuneration Committee held 4 meetings (A) in 2024. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in person (B)	No. of Meetings Attended by Proxy	Actual attendance (%) (B/A)	Remark
Member	Yao, Wen-Liang	4	0	100	Re-elected on 2024.05.24
Member	Chen, Chun-Mei	2	0	100	Newly elected on 2024.05.24
Member	Chang, Shou-Nan	2	0	100	Newly elected on 2024.05.24
Member	Chiu, Ching-Yun	2	0	100	Newly elected on 2024.05.24
Convener	Wang, Chi-Lung	2	0	100	Newly elected on 2024.05.24
Member	Cheng, Fu-Yueh	2	0	100	Discharged on 2024.05.24
Member	Chao, Shih-I	1	1	50	Discharged on 2024.05.24

Annual focus areas of the Remuneration Committee

1. Reviewed the allocation of employee and director remuneration, the annual remuneration of directors and managers, and the criteria for awarding annual bonuses to managers.
2. Conducted the performance evaluation of the Remuneration Committee.

Other matters that are required to be disclosed:

I. If the board of directors declines to adopt or modifies a recommendation of the Remuneration Committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the Remuneration Committee's opinion (e.g., the remuneration passed by the Board of Directors exceeds the recommendation of the Remuneration Committee, the circumstances and cause for the difference shall be specified): None

II. Resolutions of the Remuneration Committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: See Note 1.

Note 1: The following is the summary of meetings, reviews, and evaluations conducted by the Company's Remuneration Committee over the past year regarding the Company's remuneration information:

Remuneration Committee:	Motion	Resolution results	The Company's response to the Remuneration Committee's opinions:
2024/01/26 (8th meeting of the 5th term)	1. Review of remuneration to Chairperson and managers. 2. The 2023 year-end bonus payment standard for managerial officers.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.
2024.03.06 (9th meeting of the 5th term)	1. 2023 remuneration distribution to employees and directors	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.
2024/09/13 (1st meeting of the 6th term)	1. Election of the convener and chairperson of the Committee. 2. Review of remuneration to directors (including independent directors) and managerial officers.	1. The motion was unanimously approved by all attending members to appoint Commissioner Wang, Chih-Lung as the convener and chairperson of the meeting. 2. Approved as submitted with the unanimous consent of all attending committee members.	1. Executed as resolved 2. Submitted to and approved by the board of directors.
2024/12/18 (2nd meeting of the 6th term)	1. The distribution of year-end bonus to managerial officers for 2024.	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.
2025/03/03 (3rd meeting of the 6th term)	1. 2024 distribution of remuneration to employees and directors	Approved as submitted with the unanimous consent of all attending committee members.	Submitted to and approved by the board of directors.

(3) Information on Nomination Committee Members and Operations: The company has not yet established a Nomination Committee.

(V) Discrepancies between the promotion of sustainable development and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Promotion items	Implementation status			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development, set up a dedicated (concurrent) unit to promote sustainable development, and authorized the senior management by the board of directors to handle and supervise the situation on behalf of the board of directors?	V		The Company's President serves as the Chairperson and has convened personnel from relevant departments to form the "Corporate Social Responsibility Committee."	N/A
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	V		The Company conducts survey-based topic investigations and collects issues of concern from stakeholders through the Corporate Social Responsibility Committee, and establishes relevant risk management policies or strategies.	N/A
III. Environmental issues				N/A
(I) Has the Company established an appropriate environmental management system based on its industrial characteristics?	V		(I) In addition to complying with domestic environmental safety and health regulations, the Company follows international standards and has obtained ISO 14001 certification (valid from June 1, 2022 through May 31, 2025).	
(II) Is the Company committed to improving energy efficiency and using recycled materials with less negative effects on the environment?	V		(II) The Company is committed to improving the sources of resources and improving the use efficiency of various resources to reduce the amount of raw materials and waste, thereby reducing the impact on the environment.	
(III) Does the Company assess the potential risks and possibilities of climate change to the company now and in the future and take relevant countermeasures?		V	(III) We have not yet assessed our potential risks and possibilities of climate change for now and in the future and taken measures to respond to climate-related issues. We will make improvement gradually in the future.	
(IV) Does the Company record the greenhouse gas emissions, water consumption and total weight of waste produced in the past two years	V		(IV) The Company's greenhouse gas inventory results, assurance status, and reduction policies are disclosed on page 42 of this annual report under the section "Greenhouse Gas Inventory and Assurance Status,	

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>and formulate policies on greenhouse gas reduction, water consumption or other waste management?</td><td></td><td></td><td>Reduction Targets, Strategies, and Concrete Action Plans.”
Water consumption and total waste generated at the Guanyin Plant over the past two years are as follows:
<table><tr><th>Year</th><th>Water consumption (tonnes)</th><th>Total weight of waste (tonnes)</th></tr><tr><td>2023</td><td>26,027</td><td>50.78</td></tr><tr><td>2024</td><td>15,979</td><td>21.59</td></tr></table>In response to government policies and the trend of energy consumption and carbon reduction in the business circle, the Company selects energy-saving equipment and machines and effectively manages various energy-consuming systems to conserve energy, while aiming to reduce carbon emissions by 1% in 2025. We recycle and reuse 100% of process cooling water and about 50% of the reclaimed water from the pure water system through a recycling mechanism. We promote water conservation and classify and recycle waste according to the waste management regulations, while promoting resource recycling and reuse regularly to increase employees’ awareness of resource recycling.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Does the Company formulate relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?</td><td>V</td><td></td><td>(I) The Company supports and follows internationally recognized human rights conventions and principles, including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the International Covenants on Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work, and complies with the labor laws and regulations where the Company is located, while preventing any human rights violations.
Implementation of the human rights policy and specific projects:
1. The Company complies with all applicable labor and environmental regulations in the regions where it operates, and provides a safe, hygienic, and healthy working environment for its employees.
2. Child labor is strictly prohibited.
3. An inclusive and equal workplace is promoted, with</td><td>N/A</td></tr>
</table>

Promotion items	Implementation status			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			zero tolerance for discrimination or unfair treatment based on gender, sexual orientation, age, race, religion, or political affiliation. 4. The Company values open and effective labor-management communication and respects employees' rights to privacy, freedom of association, and the right to organize.	
(II) Does the Company formulate and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and appropriately reflect the results of operating performance or results in employee compensation?	V		(II) Reasonable employee welfare measures have been established and implemented. Business performance and operational results are appropriately reflected in employee remuneration. 1. Employee Remuneration Policy: Remuneration is determined based on individual ability, contribution, performance, the market value of the position held, and the Company's operational risks. It is positively correlated with business performance. In years when the Company is profitable, 0.1% to 1% of the annual earnings is allocated to employee remuneration in accordance with the Company's Articles of Incorporation. 2. Leave Policy: The Company strictly abides by labor laws and provides employees with a comprehensive and lawful leave system. 3. Employee welfare measures: In accordance with legal regulations and taking into account the diverse needs of employees, the Company provides a wide array of welfare benefits. These include on-site parking, regular health checkups, and profit-sharing programs. Furthermore, the Company offers additional benefits such as marriage allowances, funeral allowances, maternity allowances, maternity leave, parental leave, and paternity leave, ensuring the establishment of a comprehensive and well-rounded welfare system for employees. 4. Retirement system: The Company has settled the pension in accordance with the Labor Standards Act and the employees who have reached the consent to receive the defined benefit plan. As of December 31, 2023, the Company has no employees who are entitled to the	

Promotion items	Implementation status			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			defined benefit plan. For the pension plan under the Labor Pension Act chosen by the employees, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum. 5. Group contract: The Company submitted a mass layoff plan to the competent authority on February 15, 2023. A labor-management negotiation meeting was held on February 22, 2023, resulting in an agreement. After the mass layoff, the Company did not establish a labor union, and thus, no collective bargaining agreement was signed.	
(III) Does the Company provide a safe and healthy work environment for employees and regularly implement safety and health education for employees?	V		(III) The Company has a full-time safety and health unit to execute and promote environmental protection, education, safety and health-related business. In addition, through health seminars, events, and online promotion of health education information, employees can better grasp their own health status, and have the knowledge and methods of self-health management. Regarding workplace safety, the Company continuously provides training and awareness programs to cultivate employees' emergency response capabilities and safety awareness, enhancing their cognitive abilities to reduce the occurrence of accidents caused by unsafe behaviors. Implementation status: Industrial safety inspection Fire extinguisher inspection: Once a month Public hazardous substance security inspection: once a month Fire safety inspection: Once a year Building structural inspection: once a year	

<table>
<tr><th rowspan="2">Promotion items</th><th colspan="3">Implementation status</th><th rowspan="2">Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td><table><tr><td>Elevator maintenance</td><td>once a month</td></tr><tr><td>Elevator safety inspection</td><td>once a year</td></tr></table></td><td></td></tr>
<tr><td>(IV) Does the Company establish effective career development training programs for its employees?</td><td>V</td><td></td><td>(IV) To be aligned with the Company's overall goals, we work to enhance employees’ knowledge and skills to improve performance and quality. We have included the Education and Training Implementation Regulations in the Company's personnel regulations. Our employees need to undergo a series of complete training programs from the first day at work, and they will be given professional training and guidance related to their work regularly and from time to time.</td><td></td></tr>
<tr><td>(V) Does the Company comply with the relevant laws and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services and develop relevant policies and complaint procedures to protect consumers’ or clients rights and interests?</td><td>V</td><td></td><td>(V) The Company has established a personal data protection management system and policy, with each department responsible for managing and safeguarding customer privacy.
All major global markets have regulations on tire product labeling. The Company’s products are sold worldwide, and all product categories fully comply with the legal requirements for product information labeling in each sales region.
The Company has a section for stakeholders, a customer service hotline, and all distributors nationwide can provide consumers with related inquiries and complaints.</td><td></td></tr>
<tr><td>(VI) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor rights and their implementation?</td><td>V</td><td></td><td>(VI) The Company has implemented a supplier management policy to oversee quality, delivery schedules, service, and environmental, health, and safety standards. By collaborating with top- tier suppliers and contractors, we aim to foster mutual growth, enhance our corporate image, and achieve sustainable operations.
<u>Supplier assessment</u>
Process- related raw- material suppliers holding ISO 9001 Quality Management System and ISO 14001 Environmental Management System certifications, among other relevant qualifications, are given priority in our qualification and selection process.
<u>Supplier Assessment</u>
Regular performance management is conducted for incoming material quality, delivery schedules, and</td><td></td></tr>
</table>

Promotion items	Implementation status			Discrepancy between the implementation and the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons therefor
	Yes	No	Summary	
			customer complaints. Any deficiencies identified with suppliers are addressed through the issuance of a "Quality Contact Letter" for tracking and improvement. To ensure the quality of raw materials and effective supplier management, evaluations are conducted periodically and occasionally in accordance with the "Supplier Evaluation Procedures." <u>Supplier training</u> The Company regularly implements occupational safety and health management measures for contractors, such as providing safety training, executing construction safety agreements, and conducting toolbox meetings prior to the commencement of work. In addition, contractors are required to sign a Work Safety Undertaking and commit to complying with all relevant occupational safety and health laws and regulations.	
V. Does the Company prepare its non-financial reports, such as the sustainability report, in accordance with the internationally accepted reporting standards or guidelines? Have such reports been assured, verified or certified by a third party?	V		The company first issued its "CSR Report" in 2021. The report is prepared based on internationally recognized reporting standards and guidelines, and it discloses not only the Company's financial information but also its non-financial information. The Company has not yet obtained assurance or assurance opinion from a third-party verification agency about the CSR report.	N/A
VI. If the Company has established corporate social responsibility principles based on Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the principles and their implementation: No significant discrepancy.				
VII. Other important information to facilitate better understanding of the Company's promotion of sustainable development: Based on the business philosophy that "giving what you have taken from society back to society", the Company has been actively participating in various social charity activities for a long time. For example, we co-organized folk activities with the local government, donated land to build parks and community centers, employed people with disabilities in a number that is more than required, while sparing no effort to improve environmental protection and investing in new equipment or renovations to create a green factory.				

(V-1) Information on climate of TWSE/TPEx-listed companies:

Information on climate of TWSE/TPEx listed companies

1. Implementation of climate-related information

Item	Implementation Status
1. Describe the supervision and governance of the Board of Directors and management on climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the organization (short, medium, and long term). 3. Describe the financial impact of extreme climate events and transformational actions.	1. The Company has established a Greenhouse Gas Inventory Promotion Committee, chaired by the President. 2. As of the publication date of this annual report, the Company is still in the process of identifying climate-related risks and opportunities. 3. As of the publication date of this annual report, the Company is still assessing the financial

Item	Implementation Status
	impacts of extreme climate events and transition actions.
4. Describe how the identification, assessment and management procedures of climate risk can be integrated into the overall risk management system.	4. As of the publication date of this annual report, the company is still evaluating how the identification, assessment, and management of climate-related risks can be integrated into the overall risk management system.
5. If scenario analysis is used to assess resilience in the face of climate change risks, the scenarios, parameters, assumptions, analytical factors, and major financial impacts involved should be disclosed.	5. As of the publication date of this annual report, the Company is still assessing whether to conduct scenario analysis to evaluate its resilience to climate change risks.
6. If there are transition plans in place to manage climate-related risks, the content of such plans should be explained, along with the metrics and targets used to identify and manage both physical and transition risks.	6. As of the publication date of this annual report, the Company is still assessing whether to develop a transition plan to manage climate-related risks.
7. If internal carbon pricing is used as a planning tool, the basis for determining the price should be disclosed.	7. As of the publication date of this annual report, the Company is still evaluating whether to use internal carbon pricing as a planning tool.
8. If climate-related targets have been set, the Company should disclose information such as the activities covered, the scopes of greenhouse gas emissions included, the planning timeframe, and the annual progress achieved. If carbon offsets or renewable energy certificates (RECs) are used to achieve such targets, the sources and amounts of the carbon reductions or the number of RECs used should also be specified.	8. As of the publication date of this annual report, the Company is still evaluating whether to set climate-related targets.
9. Greenhouse gas inventory and assurance status, as well as emission reduction targets, strategies, and specific action plans.	9. As of the publication date of this annual report, the Company does not meet the applicable conditions and is therefore not subject to the related requirements.

1-1. Greenhouse gas inventory and assurance status for the most recent two years: Not disclosed at this time.

1-2. Greenhouse gas emission reduction targets, strategies, and specific action plans: Not disclosed at this time.

(VI) The Company's implementation of ethical management and the measures taken:

In accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the relevant regulations on TWSE/TPEx listed companies, and other laws and regulations related to business conduct, the Company regards integrity, transparency, and responsibility as the highest guiding principle in business. At present, we have incorporated the relevant ethical management regulations into the internal control system and require managerial officers to set an example and comply with the principle of good faith, to establish a sound corporate governance and risk control mechanism and create a sustainable business environment.

Implementation the ethical management

Evaluation Items	Operational Status: Yes	No	Summary	Discrepancy between the corporate governance principles implemented by the Company and the Principles and the reason for the discrepancy
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				N/A
(I) Are the Company's guidelines on corporate conduct and ethics provided in internal policies and disclosed publicly? Have the Board of Directors and the management team demonstrated their commitments to implement the policies?	V		(I) The board of directors, on August 12, 2019, passed the Ethical Corporate Management Best Practice Principles, and the relevant internal regulations, including the Ethical Corporate Management Best Practice Principles, have clearly specified the Company's policy and practice of ethical management and a commitment that the board of directors and the management shall actively implement the ethical management policy. In addition, the Company discloses the Ethical Corporate Management Best Practice Principles and relevant standards and guidelines on the MOPS and the Company's website.	
(II) Has the Company established an evaluation mechanism for the risk of dishonesty behaviors? Does the Company regularly analyze and evaluate business activities with a higher risk of dishonesty in the business scope and formulate a plan to prevent dishonesty behaviors, which at least covers Paragraph 2 of Article 7 in Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		(II) The prevention plan stipulated in the Company's Ethical Corporate Management Best Practice Principles covers the preventive measures for the conduct below: I. Giving and receiving bribes. II. Providing illegal political donations. III. Improper charitable donation or sponsorship. IV. Offering or accepting unreasonable gifts, entertainment, or other improper benefits. V. Infringing business secrets, trademarks, patents, copyrights, and other intellectual property rights. VI. Engaging in unfair competition. VII. Products and services that directly or indirectly damage the rights or health and safety of consumers or other stakeholders during research and development, procurement, manufacture, provision, or sale.	
(III) Has the Company established relevant policies for preventing any unethical conduct? Are the implementation and reviews of the relevant procedures, guidelines and training mechanism provided in the policies?	V		(III) The Company's prevention plan for unethical conduct clearly defines the operating procedures, guidelines for behavior, and punishment and grievance system for violations, and we have duly implemented it. The HR Department is responsible for formulating and supervising the implementation of the ethical management policy and prevention plan, while regularly reporting to the board of directors.	
II. Corporate Conduct and Ethics Compliance Practice				N/A
(I) Has the Company conducted investigation regarding unethical records with whomever the Company doing business with, and included business conduct and ethics-related clauses in the business contracts?	V		(I) The Company performs contract obligations in a fair and ethical manner while strictly abiding by the relevant laws, regulations, and contract terms, and we evaluate the counterparty of a contract based on the same principle.	
(II) Has the Company set up a dedicated unit in	V		(II) Article 17 of the Company’s "Ethical Corporate	

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Operational Status</th><th rowspan="2">Discrepancy between the corporate governance principles implemented by the Company and the Principles and the reason for the discrepancy</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>charge of promotion and execution of the company's corporate conduct and ethics and report to the Board about any operating policies and plans and supervision on honesty and integrity and prevention of dishonesty on a regular basis (at least once a year)?</td><td></td><td></td><td>Management Best Practice Principles" stipulates that, in order to strengthen the management of ethical business practices, the Management Department shall be responsible for formulating and supervising the implementation of the Company's ethical management policies and preventive measures. A report on the implementation status was presented to the Board of Directors on March 3, 2025.</td><td></td></tr>
<tr><td>(III) Has the Company established policies to prevent conflicts of interest and provided appropriate communication and complaint channels?</td><td>V</td><td></td><td>(III) The Company has conflict of interest clauses in the "Ethical Corporate Management Best Practice Principles" to require directors, managers and all employees to prevent conflicts of interest and avoid improper benefits. In addition, the Company has also established public whistle-blowing channels and the system for reporting of the case to further reduce the probability and impact of conflicts of interest.</td><td></td></tr>
<tr><td>(IV) Has the Company established effective accounting and internal control systems for the implementation of policies, prepared audit plans according to the evaluation result of dishonesty risks, and audit such execution and compliance or hired external auditors to audit such execution and compliance?</td><td>V</td><td></td><td>(IV) The Company has established accounting systems and internal control systems related to ethical management. The internal audit unit formulates audit plans based on the assessment results of the risks associated with unethical behavior. The audit plans include the audit targets, scope, items, and frequency, and the audit results are compiled into audit reports which are submitted to the Audit Committee and the Board of Directors.</td><td></td></tr>
<tr><td>(V) Does the Company provide training regarding ethic compliance practice regularly?</td><td>V</td><td></td><td>(V) To implement the ethical management policy, the Company arranges courses on ethical business regulations compliance, safety and health management and inspection, accounting systems, and internal controls during the orientation and training of new employees. The implementation is as follows:
<table>
<tr><th>No.</th><th>Training items</th><th>Time</th><th>Number of persons</th></tr>
<tr><td>1</td><td>Update of the Ethical Corporate Management Best Practice Principles and the Integrity Commitment Slogans</td><td>2024/01/01 - 2024/12/31</td><td>51</td></tr>
</table></td><td></td></tr>
<tr><td>III. Channels for reporting any ethical irregularities
(I) Does the Company provide employees with external professional training incentives and internal education</td><td>
V</td><td></td><td>
(I) The Company has formulated the Regulations on Reporting on Illegal and Unethical Conduct and the unit responsible for accepting reports is the Auditing Office.</td><td>N/A</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation Items</th><th colspan="3">Operational Status</th><th rowspan="2">Discrepancy between the corporate governance principles implemented by the Company and the Principles and the reason for the discrepancy</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>training courses every year to improve their awareness of integrity?
(II) Has the Company established standard operating procedures for investigations on reports, follow-up measures to be taken after the investigation is completed and related confidentiality mechanisms?

(III) Has the Company established measures to protect the identity of the informer?</td><td>

V

V</td><td></td><td>

(II) The Company has formulated the Regulations on Reporting on Illegal and Unethical Conduct to regulate investigation standard operating procedures and relevant confidentiality mechanisms for handling reported matters.

(III) The company implements confidentiality and protective measures for whistleblowers to prevent any improper treatment.</td><td></td></tr>
<tr><td>IV. Information Disclosure
Has the Company published information relating to the Company's “Code of Business Conduct” on its website or MOPS?</td><td>
V</td><td></td><td>
The Company has disclosed the contents of the Ethical Corporate Management Best Practice Principles on the Company website and the Market Observation Post System, and has also published the implementation status and effectiveness of ethical corporate management on the Company website.</td><td>N/A</td></tr>
<tr><td colspan="5">V. If the Company has established ethical management best practice principles based on “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the principles and their implementation:</td></tr>
<tr><td colspan="5">VI. Other important information that facilitates the understanding of the Company's ethical management operation:
The Company's website discloses the "Ethical Corporate Management Best Practice Principles", "Rules of Procedure for Board of Directors Meetings" and "Stakeholder Area" to implement ethical management in the concept of sustainable operation.</td></tr>
</table>

(VII) Other significant information that will provide a better understanding of the state of the Company’s implementation of corporate governance:

Please refer to pages 28 to 31 of this year's annual report for further details.

(VIII) Implementation of internal control system

(1) Statement of Internal Control System:

Federal Corporation

Statement on Internal Control System

Date: March 3, 2025

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

I. CH Biotech’s Board of Directors and management are responsible for establishing, implementing and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency 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, an internal control system's effectiveness may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms and CH Biotech takes immediate remedial actions in response to any identified deficiencies.

III. CH Biotech evaluates its internal control systems' design and operating effectiveness based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the “Regulations”). The criteria adopted by the Regulations identify five key components of internal managerial control: 1. control environment, 2. risk assessment, 3. control activities, 4. information and communication, and 5. monitoring activities. Each key components consist of several items. For the aforementioned items, please refer to the Regulations.

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

V. Based on the results of the aforementioned assessment, the Company believes that as of December 31, 2024, its internal control system—including the supervision and management of subsidiaries—was effectively designed and implemented. This system covers the achievement of operational goals related to effectiveness and efficiency, the reliability, timeliness, and transparency of reporting, as well as compliance with applicable regulations and laws. The system is deemed effective in reasonably ensuring the attainment of the above objectives.

VI. This Statement is an integral part of CH Biotech’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 Law.

VII. This Statement was passed by the Board of Directors in the meeting held on March 3, 2025, with none of the 9 attending directors expressing dissenting opinions. They all affirmed the content of this Statement.

Federal Corporation

Chairperson: Kuo, Lin-Liang (signature)

President: Chung, Cheng-Yen (signature)

(2) If a cpa was engaged to conduct a special audit of internal control system, provide its audit report: none.

(IX) Resolutions by the shareholders' meetings and board meetings and the implementation thereof:

Resolutions by the shareholders' meetings and the implementation thereof:

Item	Major resolutions	Implementation Status
1	Passed the financial statements and business report for 2023.	The announcement was made on the MOPS and the Company's website on March 31, 2024.
2	Passed the statement of deficit compensation for 2023.	The Company's after-tax net loss for 2023 was NT$1,729,298,887. Adding the beginning retained losses of NT$3,179,063,577 and the retained earnings adjustment (special earnings reserve transfer) of NT$293,220, the ending retained losses amount to NT$4,908,069,244.
3	Passed the partial amendments to the Articles of Incorporation.	The registration was approved by the Ministry of Economic Affairs on June 21, 2024 and announced on the Company's website.
4	It was approved to amend the original plan of "disposing of the subsidiary T Taixin Construction Co., Ltd.'s land or shares through public bidding, or independent development" to also include "disposing through negotiated agreements or joint development."	Took effect after the resolution was adopted by the shareholders' meeting.
5	Passed the election of all directors.	The registration was approved by the Ministry of Economic Affairs on June 21, 2024 and announced on the Company's website.
6	Passed the removal of the non-compete clause for the newly elected directors and the juridical persons they represented.	Took effect after the resolution was adopted by the shareholders' meeting.

Important resolutions by the board of directors:

Date	Major resolutions	Opinions of independent directors	The Company's handling of the opinions of the independent directors
2024/01/26 (24th meeting of the 24th term)	1. Approved the review of the remuneration to the Chairperson and the managers. 2. Passed the 2023 year-end bonus payment standard for managers. 3. Passed the partial amendments to the Articles of Incorporation.	N/A	N/A
2024/03/06 (25th meeting of the 24th Round of the Board of Directors)	1. Approved the Company’s self-prepared financial information and business report for 2023. 2. Approved the proposal for the 2023 deficit compensation. 3. Approved the proposal for the distribution of cash dividends for the second half of 2023. 4. Approved the proposal for the distribution of remuneration to employees and directors for 2023. 5. Approved the 2023 Statement on Internal Control System. 6. Approved the proposal for the election of all directors after amendments. 7. Passed the removal of the non-compete clause for	N/A	N/A

Date	Major resolutions	Opinions of independent directors	The Company's handling of the opinions of the independent directors
	the newly elected directors and the juridical persons they represented. 8. Approved the date, place, reason for convening the 2024 General Shareholders' Meeting, the period for accepting written proposals from shareholders holding more than 1% of the shares and nomination, and the place for accepting such proposals after amendments. 9. Approved the proposal for reviewing the independence and suitability of the attesting CPA. 10. Approved the proposal for reviewing the appointment and remuneration of the attesting CPA. 11. Passed the application to various financial institutions for renewal of contracts or increase of financing facilities. 12. Passed the provision of loans to wholly-owned U.S. subsidiary, Federal Tire North America LLC.		
2024/04/09 (26th meeting of the 24th Round of the Board of Directors)	1. Approved the list of nominated director (including independent director) candidates and the review of their qualifications. 2. Passed the removal of the non-compete clause for the newly elected directors and the juridical persons they represented.	N/A	N/A
2024/05/10 (27th meeting of the 24th Round of the Board of Directors)	1. Approved the 2024 Q1 financial report. 2. Approved the lending of funds to Taixin Construction Co., Ltd., a wholly-owned subsidiary of the company.	N/A	N/A
2024/05/24 (1st meeting of the 25th term)	1. Approved the election of the 25th Chairperson. 2. Approved the appointment of the President. 3. Approved the appointment of the 6th Remuneration Committee members.	N/A	N/A
2024/09/13 (2nd meeting of the 25th term)	1. Approved the 2024 Q2 financial report. 2. Approved the distribution of cash dividends for the first half of 2024. 3. Passed the review of remuneration to directors (including independent directors) and managerial officers. 4. Approved the formulation of the internal control system and implementation rules for "other management items: management of sustainable information"	N/A	N/A
2024/11/12 (3rd meeting of the 25th Round of the Board of Directors)	1. Approved the 2024 Q3 financial report. 2. Approved the 2025 audit plan.	N/A	N/A
2024/12/18 (4th meeting of the 25th Round of the Board of Directors)	1. Approved the distribution of 2024 year-end bonus to managerial officers. 2. Approved the financing loan contract with Hua Nan Commercial Bank, Ltd. was renewed upon maturity.	N/A	N/A

Date	Major resolutions	Opinions of independent directors	The Company's handling of the opinions of the independent directors
	3. It was approved to authorize the chairmen of Federal Corporation, Fu Cheng Development Co., Ltd. and Rongcheng Development Co., Ltd. to appoint the Chairperson of Federal Replanning Association to sign the "Taoyuan City Zhongli District Federal Self-managed Urban Land Rezoning Area" rezoning project contract and related agreements with the contractors for the rezoning project.		
2025/03/03 (5th meeting of the 25th Round of the Board of Directors)	1. Approved the 2024 self-closing financial information and business report. 2. Approved the proposal for covering carryforward loss in 2024. 3. Approved the distribution of cash dividends in the second half of 2024. 4. Approved the 2024 remuneration distribution to employees and directors. 5. Approved the issuance of the 2024 Statement of Internal Control System. 6. Approved the amendment to the "Articles of Incorporation" after the amendment. 7. Passed the date, place, reason for convening the 2025 General Shareholders' Meeting, the period for accepting written proposals from shareholders holding more than 1% of the shares, and the place for accepting such proposals. 8. Approved the plant lease of Federal Tire (Jiangxi) Co., Ltd. 9. Approved the liquidation and dissolution of the subsidiary in the U.S. Federal Tire North America LLC. 10. Approved the proposal to waive all rights of the subsidiary, Federal Tire North America LLC. 11. Passed the assessment of the independence and suitability of CPAs. 12. Approved the proposal for reviewing the appointment and remuneration of the attesting CPA.s 13. Passed the application to various financial institutions for renewal of contracts or increase of financing facilities.	N/A	N/A

(X) Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

IV. Information on CPA audit fees

Unit: NTD 1,000

Name of CPA firm	Name of CPA	CPA's audit period	Audit fees	Non-audit fees (Note)	Total	Remark
Baker Tilly Clock & CO	Peng, Li-Chen	2024/01/01 - 2024/12/31	2,638	740	3,378	
	Chou, Yin-Lai					

Note: Non-audit fees

1. NT$30 thousand for review of full-time non-managerial employees salary information checklist
2. Profit-seeking enterprise income tax audit attestation and related matters: NTD 531,500.
3. Declaration of disclosure information on members of the multinational enterprise group: NTD 85,000.
4. Review and consideration of other information: NTD 170,000.

(I) When the securities firm changes its accounting firm and audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of audit fees before and after the change and the reason shall be disclosed: None.

(II) If the audit fees have decreased by more than 10% compared to the previous year, the amount, percentage, and reasons for the decrease should be disclosed: The audit fees decreased by NTD 524,000, a reduction of approximately 17%. The change in audit fees is the result of a negotiated outcome in accordance with the prescribed procedures.

V. Replacement of CPA

None.

VI. The Company's Chairperson, Directors, Chief Executive Officer, Chief Financial Officer and Managers in Charge of Its Finance and Accounting Operations Did Not Hold Any Positions within the Company's Independent Audit Firm or Its Affiliates in the Most Recent Year

None.

VII. Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer or shareholder with a stake of more than 10% during the most recent fiscal year up to the date of publication of the annual report

(I) Changes in shareholdings of directors, managerial officers, or major shareholders:

Unit: In thousand shares

Title	Name	2024		Current year up to March 31, 2025	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
Chairperson	Nankang Rubber Tire Corp., Ltd. Representative: Kuo, Lin-Liang	-	-	-	-
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chiang, Ching-Hsing	-	-	-	-
Director	Nankang Rubber Tire Corp., Ltd. Representative: Chen, Yi-Chen	-	-	-	-
Director	Nankang Rubber Tire Corp., Ltd. Representative: Jiang, Hsiu-Chen (Newly elected on 2024.05.24)	-	-	-	-
Independent Director	Yao, Wen-Liang	-	-	-	-
Independent Director	Chen, Chun-Mei (Newly elected on 2024.05.24)	(383)	-	-	-
Independent Director	Chang, Shou-Nan (Newly elected on 2024.05.24)	-	-	-	-
Independent Director	Chiu, Ching-Yun (Newly elected on 2024.05.24)	-	-	-	-
Independent Director	Wang, Chi-Lung (Newly elected on 2024.05.24)	-	-	-	-
Director	Taiwan Insulation Applied Technology Co. Representative: Ko, Tso-Liang	-	-	-	-

Title	Name	2024		Current year up to March 31, 2025	
		Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged	Increase (Decrease) in Shares Held	Increase (Decrease) in Shares Pledged
	(Dismissed on 2024.05.24)				
Director	Huan-Xiang Investment Co., Ltd. Representative: Yu, Chih-Ching (Dismissed on 2024.05.24)	-	-	-	-
Director	Huan-Xiang Investment Co., Ltd. Representative: Chen, Chung-I (Dismissed on 2024.05.24)	-	-	-	-
Independent Director	Cheng, Fu-Yueh (Dismissed on 2024.05.24)	-	-	-	-
Independent Director	Chao, Shih-I (Dismissed on 2024.05.24)	-	-	-	-
President	Chung, Cheng-Yen	-	-	-	-
Vice president (Head of Finance Department) (Chief Financial Officer/Corporate Governance Officer)	Lu, Hsin-I	-	-	-	-
Head of Operation Department	Hsu, Ming-De	-	-	-	-
Head of Research and Development Department	Huang, Chao-Shing	-	-	-	-
Director, Administration Division	Wang, Li-Hua	-	-	-	-
Chief of Accounting Officer	Li, Hsin-Yu	-	-	-	-
Major shareholder	Nankang Rubber Tire Corp., Ltd.	-	-	-	-

(II) Transfer of equity: None.

(III) Shares pledged: None.

VIII. Relationship information, if among the 10 largest shareholders any one is a related party, or is the spouse or a relative within the second degree of kinship of another

Information on the relationship among top ten shareholders

March 20, 2025

Unit: Share; %

NAME	SHARES HELD DIRECTLY		SHARES HELD BY SPOUSE OR MINORS		TOTAL SHARES HELD BY OTHERS		NAME AND RELATIONSHIP BETWEEN THE COMPANY'S TOP TEN SHAREHOLDERS, OR SPOUSES OR RELATIVES WITHIN TWO DEGREES OF KINSHIP.		REMARK
	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Name	Relationship	
Nankang Rubber Tire Corp., Ltd.	148,768,000	31.43	0	0	0	0	Zhikai Development Co., Ltd.	Zhikai Development Co., Ltd. is one of the major shareholders of Nankang Rubber Tire Corp., Ltd.	
							Yuanhong Development Industrial Co., Ltd.	Yuanhong Development Industrial Co., Ltd. is one of the top 10 shareholders of Nankang Rubber Tire Corp., Ltd.	
							Yuanrui Development Industry Co., Ltd.	Yuanrui Development Industry Co., Ltd. is one of the top 10 shareholders of Nankang Rubber Tire Corp., Ltd.	
Nankang Rubber Tire Corp., Ltd. Representative: Kuo, Lin-Liang	0	0	0	0	0	0	N/A	N/A	
Zhikai Development Co., Ltd.	26,928,000	5.69	0	0	0	0	Nankang Rubber Tire Corp., Ltd.	Zhikai Development Co., Ltd. is the top ten shareholder of Nangang Rui Tai Co., Ltd.	
Zhikai Development Co., Ltd. Representative: Wang, Chung-Cheng	0	0	0	0	0	0	Yuanrui Development Industry Co., Ltd.	Chairperson Wang, Chung-Cheng is the Chairperson of Yuanrui Development Industry	

NAME	SHARES HELD DIRECTLY		SHARES HELD BY SPOUSE OR MINORS		TOTAL SHARES HELD BY OTHERS		NAME AND RELATIONSHIP BETWEEN THE COMPANY'S TOP TEN SHAREHOLDERS, OR SPOUSES OR RELATIVES WITHIN TWO DEGREES OF KINSHIP.		REMARK
	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Name	Relationship	
								Co., Ltd.	
Taifu Investment Co., Ltd.	25,590,991	5.41	0	0	0	0	Ma, Shao-Chin	Ma, Shao-Chin is a director of Taifu Investment Co., Ltd.	
							Ma, Shu-Chien	Ma, Shu-Chien is a director of Taifu Investment Co., Ltd.	
Taifu Investment Co., Ltd. Representative:Ma, Wu-Lu	0	0	0	0	0	0	Ma, Shao-Chin	Couple	
							Ma, Shu-Chien	Mother and son	
Chuan Wei Investment Co., Ltd.	16,074,000	3.40	0	0	0	0	N/A	N/A	
Chuan Wei Investment Co., Ltd. Representative: Yen, Chih-Kuang	0	0	0	0	0	0	N/A	N/A	
Huan-Xiang Investment Co., Ltd.	15,605,882	3.30	0	0	0	0	N/A	N/A	
Huan-Xiang Investment Co., Ltd. Representative: Ma, Shao-Chin	0	0	0	0	0	0	Ma, Wu-Lu	Couple	
							Ma, Shu-Chien	Father and son	
							Taifu Investment Co., Ltd.	Ma, Shao-Chin is a director of Taifu Investment Co., Ltd.	
Yuanhong Development Industrial Co., Ltd.	9,885,000	2.09	0	0	0	0	Nankang Rubber Tire Corp., Ltd.	Yuanhong Development Industrial Co., Ltd. is the top ten shareholder of Nangang Rui-Tai Co., Ltd.	
Yuanhong Development Industrial Co., Ltd. Representative: Cheng, Chin-Mu	0	0	0	0	0	0	N/A	N/A	
Hanzhong Global Investment Co., Ltd.	9,591,000	2.03	0	0	0	0	N/A	N/A	
Hanzhong Global Investment Co., Ltd. Representative: Tu, Pei-Hsun	0	0	0	0	0	0	N/A	N/A	
Yuanrui Development Industry Co., Ltd.	7,067,000	1.49	0	0	0	0	Nankang Rubber Tire Corp., Ltd.	Yuanrui Development Industry Co., Ltd. is the top ten shareholder of Nangang Rui Tai Co., Ltd.	

NAME	SHARES HELD DIRECTLY		SHARES HELD BY SPOUSE OR MINORS		TOTAL SHARES HELD BY OTHERS		NAME AND RELATIONSHIP BETWEEN THE COMPANY'S TOP TEN SHAREHOLDERS, OR SPOUSES OR RELATIVES WITHIN TWO DEGREES OF KINSHIP.		REMARK
	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Number	Percentage of Shareholding	Name	Relationship	
Yuanrui Development Industry Co., Ltd. Representative: Wang, Chung-Cheng	0	0	0	0	0	0	Zhikai Development Co., Ltd.	Chairperson Wang, Chung-Cheng is the Chairperson of Zhikai Development Co., Ltd.	
Po Yu Investment Co., Ltd.	6,243,000	1.32	0	0	0	0	N/A	N/A	
Po Yu Investment Co., Ltd. Representative: Wu, Feng-Fu	0	0	0	0	0	0	N/A	N/A	
Ma, Shu-Chien	4,004,160	0.85	4,662,291	0.98	0	0	Ma, Shao-Chin	Father and son	
							Ma, Wu-Lu	Mother and son	
							Taifu Investment Co., Ltd.	Ma, Shu-Chien is a director of Taifu Investment Co., Ltd.	

IX. The shareholdings of the Company and the Company's Directors, Managers, and the enterprises directly or indirectly controlled by the Company in the same invested company and the consolidated shareholding ratio

Percentage of Total Shares Held

Unit: Share; %

Investee	Investment by the Company		Investments by directors, managerial officers, and directly or indirectly controlled businesses		Consolidated investment	
	Number	Percentage of Shares Held	Number	Percentage of Shares Held	Number	Percentage of Shares Held
Taixin Construction Co., Ltd.	33,000,000	100	0	0	33,000,000	100
Federal International Holding Inc.	49,900,000	100	0	0	49,900,000	100
Rongcheng Development Co., Ltd.	1,000,000	100	0	0	1,000,000	100
Fu Cheng Development Co., Ltd.	800,000	100	0	0	800,000	100

Three. Financing status

I. Capital and Shares

(I) Source of Capital

Source of Capital

As of the publication date of this annual report

Unit: NTD / share

Year/Month	Issuance price	Authorized Capital		Paid-in Capital		Remark		
		Number	Amount	Number	Amount	Source of Capital		License No.
1955	100	30,000	3,000,000	30,000	3,000,000	Founding capital of NT$3,000,000	No assets other than cash were used to contribute to the capital	Jing-She No. 3530
1960.03	100	60,000	6,000,000	60,000	6,000,000	Capital increase in cash by NT$3,000,000		Jing-Shang-Xin No. 065
1964.11	100	300,000	30,000,000	300,000	30,000,000	Capital increase in cash by NT$24,000,000		Jing-Shang-Xin No. 3846
1965.11	100	600,000	60,000,000	600,000	60,000,000	Capitalization of earnings of NT$1,473,000 Capital increase in cash by NT$28,527,000		Jing-Xin No. 0414
1967.06	100	800,000	80,000,000	800,000	80,000,000	Capital increase in cash by NT$20,000,000		Jing-Xin No. 2018
1969.04	100	960,000	96,000,000	960,000	96,000,000	Capitalization of earnings of NT$718,400 and capital increase in cash by NT$15,281,600		Jian-Shang-Xin No. 10108
1970.09	100	1,200,000	120,000,000	1,200,000	120,000,000	Capital increase in cash by NT$24,000,000		Jian-Shang-Xin No. 12874
1976.01	100	1,500,000	150,000,000	1,500,000	150,000,000	Capitalization of earnings of NT$30,000,000		Jing-Xin No. 11108
1978.04	10	30,000,000	300,000,000	30,000,000	300,000,000	Capitalization of earnings of NT$15,000,000 Capitalization of capital surplus of NT$135,000,000		Jing-Xin No. 13449
1979.04	10	35,000,000	350,000,000	35,000,000	350,000,000	Capital increase in cash by NT$50,000,000		Jing-Xin No. 14764
1980.10	10	43,500,000	435,000,000	43,500,000	435,000,000	Capitalization of earnings of NT$35,000,000 Capital increase in cash by NT$50,000,000		Jing-Xin No. 17801
1982.01	10	60,000,000	600,000,000	47,850,000	478,500,000	Capitalization of earnings of NT$43,500,000		Jing-Xin No. 10258

Year/Month	Issuance price	Authorized Capital		Paid-in Capital		Remark		
		Number	Amount	Number	Amount	Source of Capital		License No.
1982.09	10	60,000,000	600,000,000	53,592,000	535,920,000	Capitalization of capital surplus of NT$57,420,000		Jing-Xin No. 21975
1984.04	10	61,592,000	615,920,000	61,592,000	615,920,000	Capital increase in cash by NT$80,000,000		Jing-Xin No. 1005
1987.12	10	67,751,200	677,512,000	67,751,200	677,512,000	Capital increase in cash by NT$61,592,000		Jing-Tou-Shen-(1988)-Gong-Shang No. 0353
1990.06	10	84,689,440	846,894,400	84,689,440	846,894,400	Capital increase in cash by NT$169,382,400		Tai-Cai-Zheng-(I) No. 00621
1991.07	10	97,392,856	973,928,560	97,392,856	973,928,560	Capitalization of capital surplus of NT$84,689,440 Capitalization of earnings of NT$42,344,720		Tai-Cai-Zheng-(I) No. 01452
1992.07	10	107,132,140	1,071,321,400	107,132,140	1,071,321,400	Capitalization of capital surplus of NT$48,696,420 Capitalization of earnings of NT$48,696,420		Jing-Tou-Shen-(1988)-Gong-Shang No. 7053
1993.07	10	117,845,354	1,178,453,540	117,845,354	1,178,453,540	Capitalization of capital surplus of NT$53,566,070 Capitalization of earnings of NT$53,566,070		Jing-Tou-Shen-(1988)-Gong-Shang No. 06338
1994.06	10	129,629,889	1,296,298,890	129,629,889	1,296,298,890	Capitalization of capital surplus of NT$58,922,675 Capitalization of earnings of NT$58,922,675		Tai-Cai-Zheng-(I) No. 27769
1995	10	142,592,877	1,425,928,770	142,592,877	1,425,928,770	Capitalization of capital surplus of NT$64,814,940 Capitalization of earnings of NT$64,814,940		Tai-Cai-Zheng-(I) No. 38908
1996	10	199,000,000	1,990,000,000	156,852,163	1,568,521,630	Capitalization of capital surplus of NT$71,296,430 Capitalization of earnings of NT$71,296,430		Tai-Cai-Zheng-(I) No. 53682
1997.06	10	345,000,000	3,450,000,000	203,907,812	2,039,078,120	Capitalization of capital surplus of NT$141,166,950 Capitalization of earnings of NT$329,389,540		Tai-Cai-Zheng-(I) No. 49420
1998	10	345,000,000	3,450,000,000	224,298,593	2,242,985,930	Capitalization of earnings of NT$203,907,810		Tai-Cai-Zheng-(I) No. 53725

Year/Month	Issuance price	Authorized Capital		Paid-in Capital		Remark	
		Number	Amount	Number	Amount	Source of Capital	License No.
1999	10	345,000,000	3,450,000,000	269,158,311	2,691,583,110	Capitalization of capital surplus of NT$448,597,180	Tai-Cai-Zheng-(I) No. 61054
2003.11.19	10	345,000,000	3,450,000,000	273,158,311	2,731,583,110	Capital increase in cash by NT$40,000,000	Tai-Cai-Zheng-(I) No. 0920138728
2004.7.06	10	385,000,000	3,850,000,000	286,816,211	2,868,162,110	Capitalization of earnings of NT$136,579,000	Zeng-Qi-I No. 0930129617
2005.7.01	10	409,600,000	4,096,000,000	301,157,011	3,011,570,110	Capitalization of earnings of NT$143,408,000	Jin-Guan-Zheng-I No. 0940126559
2006.8.23	10	409,600,000	4,096,000,000	313,203,291	3,132,032,910	Capitalization of earnings of NT$120,462,800	Jin-Guan-Zheng-I No. 09501187030
2007.7.12	10	409,600,000	4,096,000,000	324,165,406	3,241,654,060	Capitalization of earnings of NT$109,621,150	Jin-Guan-Zheng-I No. 0960035930
2008.7.01	10	520,000,000	5,200,000,000	335,511,195	3,355,111,950	Capitalization of earnings of NT$113,457,890	Jin-Guan-Zheng-I No. 0970032779
2009.4.09	10	520,000,000	5,200,000,000	335,424,195	3,354,241,950	Cancellation of treasury shares for capital reduction by NT$870,000	Jin-Guan-Zheng-III No. 0970064763 Jing-Shou-Shang No. 09801068360
2010.7.22	10	520,000,000	5,200,000,000	362,258,130	3,622,581,300	Capitalization of earnings of NT$268,339,350	Jin-Guan-Zheng-Fa No. 0990038168
2011.8.8	10	520,000,000	5,200,000,000	378,559,745	3,785,597,450	Capitalization of earnings of NT$163,016,150	Jin-Guan-Zheng-Fa No. 1000036420
2012.7.11	10	520,000,000	5,200,000,000	403,166,128	4,031,661,280	Capitalization of earnings of NT$246,063,830	Jin-Guan-Zheng-Fa No. 1010030740
2013.6.6	10	520,000,000	5,200,000,000	423,324,434	4,233,244,340	Capitalization of earnings of NT$201,583,060	Jin-Guan-Zheng-Fa No. 1020024674
2014.7.3	10	520,000,000	5,200,000,000	457,190,388	4,571,903,880	Capitalization of earnings of NT$338,659,540	Jin-Guan-Zheng-Fa No. 1030025250
2015.7.9	10	520,000,000	5,200,000,000	464,048,243	4,640,482,430	Capitalization of earnings of NT$68,578,550	Jin-Guan-Zheng-Fa No. 1040025770
2016.7.1	10	520,000,000	5,200,000,000	473,329,207	4,733,292,070	Capitalization of earnings of NT$92,809,640	Not applicable
2020.8.12	10	1,000,000,000	10,000,000,000	473,329,207	4,733,292,070	Not applicable	Jing-Shou-Shang No. 10901125210

Unit: NTD; shares

Type of Shares	Authorized Capital			Remark
	Outstanding	Unissued	Total	
Common shares	473,329,207 shares NT$4,733,292,070	526,670,793 shares NT$5,266,707,930	1,000,000,000 shares NT$10,000,000,000	The Company's shares are listed on TWSE

Related information on shelf registration: none.

(II) List of major shareholders

March 20, 2025
Unit: shares

List of major shareholders / Shares	Increase (Decrease) in Shares Held	Percentage of ownership
Nankang Rubber Tire Corp., Ltd.	148,768,000	31.43%
Zhikai Development Co., Ltd.	26,928,000	5.69%
Taifu Investment Co., Ltd.	25,590,991	5.41%
Chuan Wei Investment Co., Ltd.	16,074,000	3.4%
Huan-Xiang Investment Co., Ltd.	15,605,882	3.30%
Yuanhong Development Industrial Co., Ltd.	9,885,000	2.09%
Hanzhong Global Investment Co., Ltd.	9,591,000	2.03%
Yuanrui Development Industry Co., Ltd.	7,067,000	1.49%
Po Yu Investment Co., Ltd.	6,243,000	1.32%
Ma, Shu-Chien	4,004,160	0.85%

(III) Dividend policy and implementation of the Company

(1) Dividend Policy:

According to the Company’s Articles of Incorporation, the Company's earnings distribution or deficit compensation may be made after the end of each semi-annual fiscal year. Where the Company makes a profit in a semi- annual and annual fiscal year, the profit shall be first used for paying taxes, offsetting the cumulative deficit, setting aside 10% of the remaining profit as a legal reserve, setting aside an amount for a special reserve in accordance with regulations, and then any remaining profit may be used to distribute dividends on preference shares for the year first; any remaining balance, together with any undistributed earnings at the beginning of the period (including adjusted undistributed earnings), shall be adopted by the Board of Directors as the basis for making a distribution proposal. In the case of a cash dividend distribution, the resolution shall be adopted at a meeting of the Board of Directors attended by at least two-thirds of the directors and approved by a majority of the directors present, and shall be reported to the shareholders’ meeting.

The Company's industry is currently in a developed stage. Considering future capital needs, a financial plan, and shareholders’ interests, the Board of Directors, depending on the business performance, drafts a profit distribution proposal in a percentage from 5% to 100% and submit it to the general shareholders' meeting. The Company shall give priority to cash dividends for earnings distribution and may distribute stock dividends not higher than 80% of the total dividends to be distributed in principle. However, if there are significant investment plans, future development, and other factors, the earnings may be retained.

(2) Status of implementation:

On August 13, 2024, the Board of Directors resolved not to distribute cash dividends in the first half of 2024.

On March 3, 2025, the Board of Directors resolved not to distribute cash dividends in the second half of 2024.

(IV) Effect upon business performance and earnings per share of any stock dividends distribution: Not applicable.

(V) Remuneration to employees and directors:

(1) Remuneration of directors and employee stipulated in the company's articles of incorporation:

As per the Company's Articles of Incorporation, If the Company makes a profit in the year (referring to the income before tax before the remuneration to employees and directors is subtracted), it shall allocate 0.1%–1% of the balance as employee remuneration and no more than 3% as directors' remuneration. However, profits must first be reserved to offset against the cumulative deficit (including adjusted undistributed earnings), if applicable.

(2) Basis for remuneration to employees and directors, basis for calculating the number of shares for employee remuneration paid in stock, and accounting treatment when actual distribution differs from estimate:

If the actual amount resolved by the Board of Directors differs from the estimated amount, it is recognized as profit or loss for the next year.

(3) Distribution of Remuneration approved by the Board of Directors:

a. Amount of remuneration to employees and directors distributed in cash or in stock:
The Company's Board of Directors approved on March 3, 2025, that no employee or director remuneration would be distributed for fiscal year 2024 in accordance with the company's articles of incorporation.

b. Amount of employee remuneration distributed as shares and its ratio to the combined total of after- tax net income and total employee remuneration in the current period's standalone financial statements: None.

(4) Actual distribution of employee and director remuneration in the previous year
(including number of shares distributed, amount, and share price),
as well as any differences from the amounts recognized as employee and director remuneration — such differences, if any, should be explained in terms of their amounts, reasons, and how they were addressed:
In accordance with the Articles of Incorporation, no employee or director

remuneration was distributed in 2023. There was no difference between the actual distribution and the amount recognized.

(VI) Buyback of Treasury Stock: None

II. Corporate Bonds

None.

III. Preference Shares

None.

IV. Global Depository Shares

None.

V. Employee Stock Warrants

None.

VI. Issuance of new restricted employee shares

None.

VII. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions

None.

VIII. Implementation of the Company's Capital Allocation Plans

(I) Details: The Company has no uncompleted public offering or private placement of securities.

(II) Implementation: Not applicable.

Four. Operation overview

I. Business Activities

(I) Business Scope

(1) Principal business

Main products	As a percentage of the Group's consolidated revenue %
Tires	96%
Lease income	4%

(2) At present, the Company's products (services) and new products (services) planned to develop:

a. Energy-saving and eco-friendly tires.
b. Winter tires for commercial vehicles.
c. Asymmetric tires.
d. New patterns for high-performance sports car tires.

(II) Industry overview

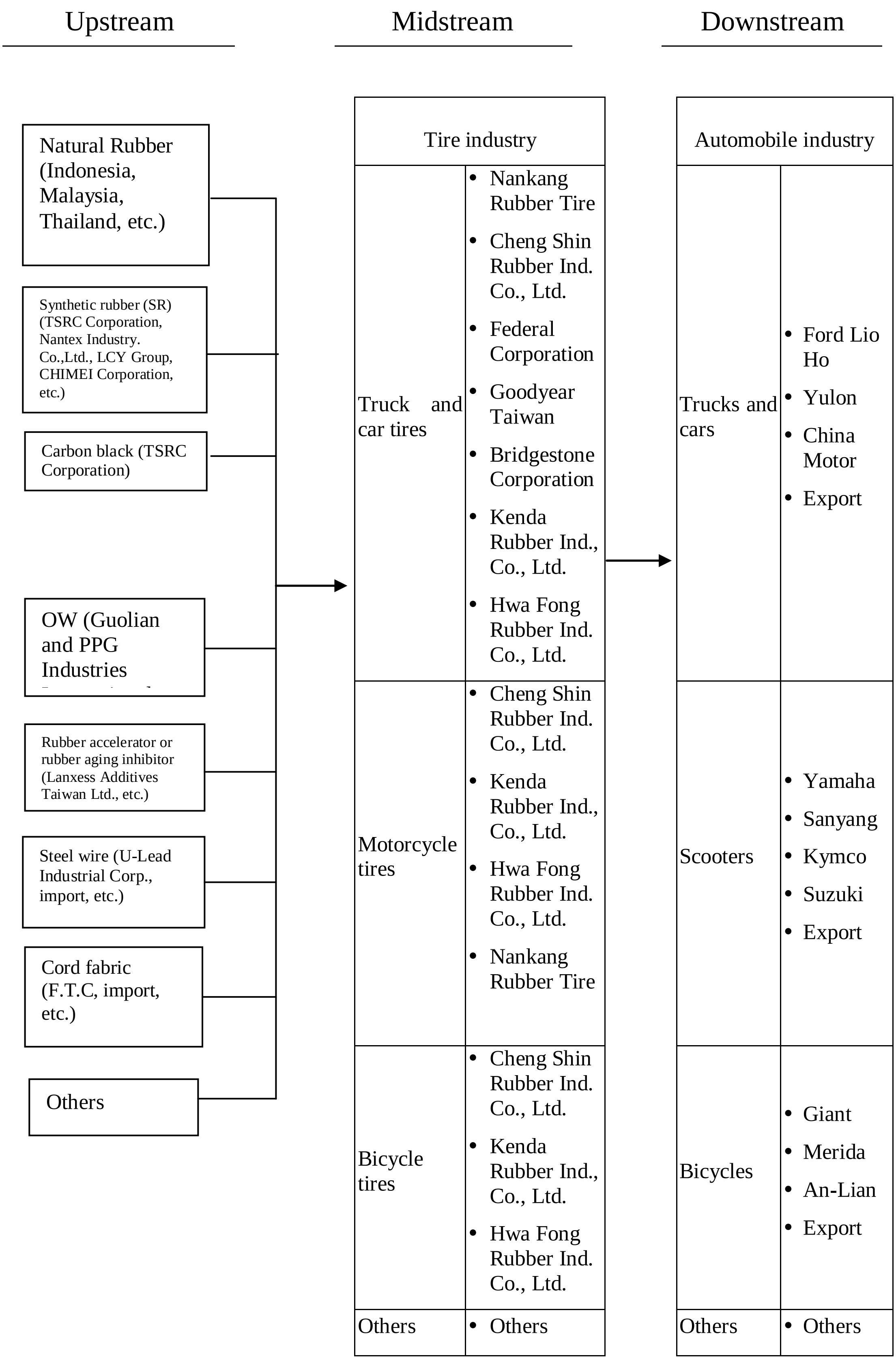
(1)The current status and development of the industry:

In 2025, the overall economic trend is uncertain due to the impact of the protectionism promoted by the Trump administration, the domestic electricity tariff and carbon tariff on the operating cost of enterprises, and the lack of economic momentum in China.

(2) Relations among upstream, midstream, and downstream sections of the industry:

The products produced by the Company are automobile tires. The upstream raw material suppliers are in the rubber, carbon black, and steel wire industries, and the downstream clients are new car factories and distributors. The relations among the upstream, midstream and downstream sections of the industry are as follows:

Domestic tire industry association map



(3) Development and trends of products and competition:

a. Development trend:

The tire industry will move towards energy-saving, environmental-friendly, and high-quality products. With people's increasing awareness of environmental protection, while trying to reduce rolling resistance, this industry has begun to pay attention to materials that do not pollute the environment while manufacturing tires and strive to extend the mileage of tires to reduce the number of waste tires. A large number of cars with green tires adopted has a huge effect on fuel conservation and pollution reduction. There is no doubt that energy-saving green tires with low carbon emissions will become the major tires to be developed in the future.

b. Competition

The Company's main domestic competitors are Nankang Rubber Tire, Hwa Fong Rubber Ind. Co., Ltd., Cheng Shin Rubber Ind. Co., Ltd., Kenda Rubber Ind., Co., Ltd., and Bridgestone Corporation. The competitors' business scope is as follows:

Company Name	Principal business
Nankang Rubber Tire	Car tires, light truck tires, and scooter tires
Hwa Fong Rubber Ind. Co., Ltd.	Bicycle tires, scooter tires, truck tires, and agro-industrial tires
Cheng Shin Rubber Ind. Co., Ltd.	Bicycle tires, scooter tires, truck tires, and agro-industrial tires
Kenda Rubber Ind., Co., Ltd.	Scooter tires, car tires, light truck tires, and agro-industrial tires
Bridgestone Corporation	Car tires and light truck tires

(III) Status of Technology and R&D

(1) Annual investment and expenditure in R&D

NTD 24,123 thousand in 2024

(2) Successfully developed technologies and products

a. Eco-friendly tires.
b. Ultra high performance tires.
c. Racing tires.
d. High-performance asymmetric tires.

(IV) Short-term and long-term business development plans

(1) Short-term plan

In addition to actively reallocating production lines across overseas and domestic OEMs, the Company continues to explore other qualified contract manufacturers to stabilize its supply chain.

(2) Long-term plan

The Company is considering a business transformation, re-evaluating the positioning of its supply chain as well as its domestic and overseas sales strategy.

II. Analysis of the Market as well as Production and Marketing Situation

(I) Market analysis:

(1) Main areas for product sale: The U.S., Europe, Asia Pacific, Central and South America, the Commonwealth of Independent States (CIS), Asia, and Africa.

(2) Future market supply/demand and growth potentials:

Although the Company continues to be affected by the U.S. anti-dumping policy, it is expected that, as overseas OEM production capacity is gradually adjusted and restored, tire shipments will return to normal, thereby contributing to an increase in revenue.

(3) Competitive advantages, favorable and unfavorable factors of development, and countermeasures:

a. Competitive advantages

The Company uses the independently developed new patterns to improve the performance of our products, so that tires with different functions can lead to a better performance.

b. Favorable and unfavorable factors of development, and countermeasures:

i. Favorable factors:

The Company has global distribution bases and a well-established marketing network, with extensive channel coverage and high service efficiency.

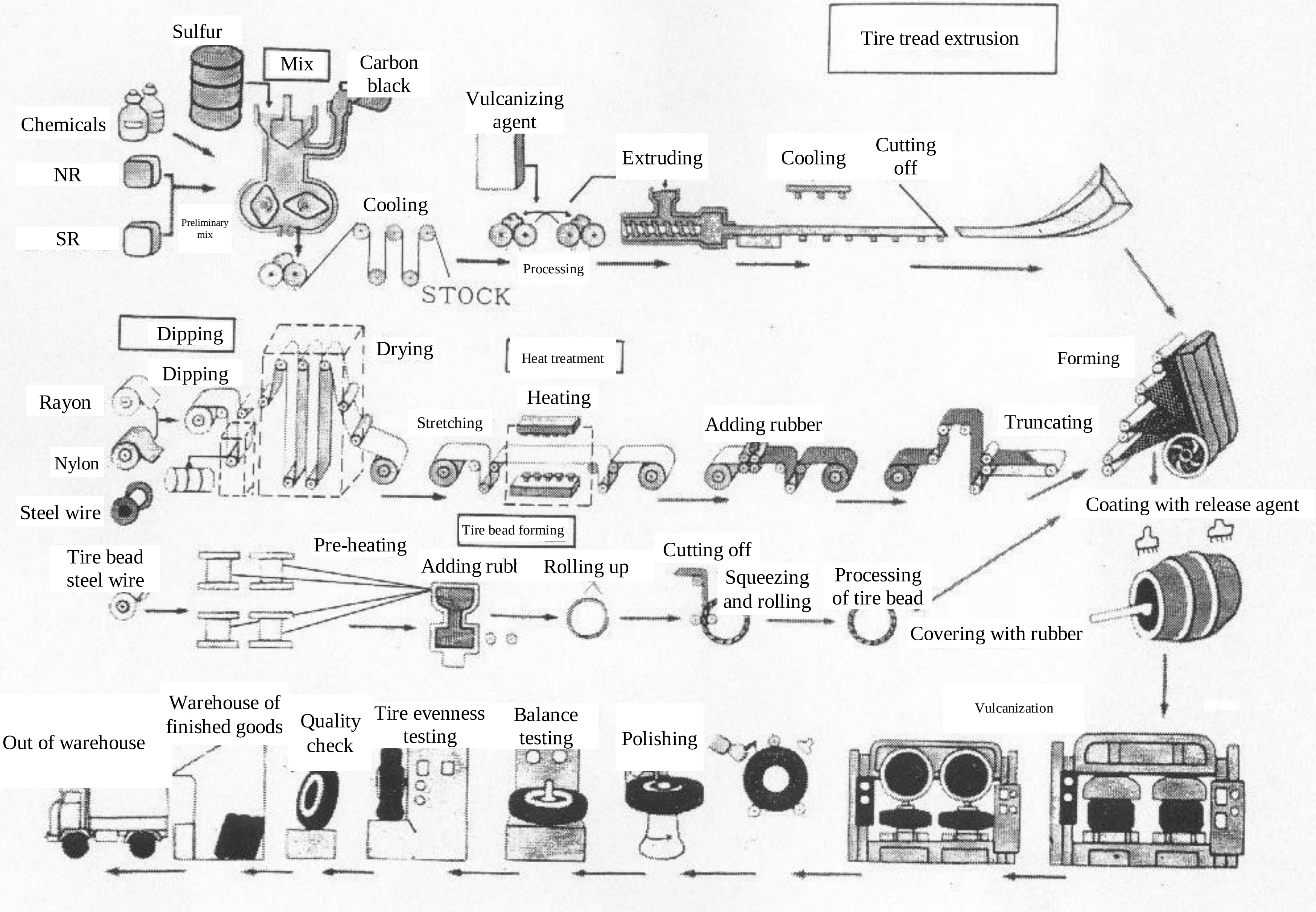
ii. Unfavorable factors and response policy:

Although the Company continues to be affected by the U.S. anti-dumping policy, it is actively shifting its OEM production lines both domestically and overseas, while also seeking additional contract manufacturers to stabilize its supply sources. At the same time, the Company strictly controls costs and reduces expenses to lower fixed overhead. After the shutdown, the Company will also consider business transformation, re-examine the supply chain positioning and domestic and overseas sales layout.

(II) Important uses and production processes of main products

(1) Important functions: Tires are used for vehicles to support loads on roads to achieve transportation functions.

(2) Production process:



Manufacturing of tires

(III) Status of Major Raw Material Supply: None. On February 10, 2023, the Board of Directors resolved to temporarily suspend all production at the Guanyin Plant.

(IV) Name of customers representing more than 10% of total purchases (sales) in any of the most recent two years, and the amount and percentage of their purchases (sales).

Supplier

Unit: NTD 1,000; %

	2024				2023			
Item	Name	Amount	As a percentage of total procurement in that year (%)	Relationship with the issuer	Name	Amount	As a percentage of total procurement in that year (%)	Relationship with the issuer
1	A	107,462	51	N/A	A	23,358	19	N/A
2	B	63,204	30	N/A				
3	Others	39,196	19		Others	98,804	81	
	Net	209,862	100		Net	122,162	100	

Client

Unit: NTD 1,000; %

	2024				2023			
Item	Name	Amount	As a percentage of total sales in that year (%)	Relationship with the issuer	Name	Amount	As a percentage of total sales in that year (%)	Relationship with the issuer
1	A	60,190	23	N/A	A	51,335	11	N/A
2	Others	207,190	77		Others	427,067	89	
	Net sales	267,380	100		Net sales	478,402	100	

III. Number of Employees for the Two Most Recent Fiscal Years, and During the Current Fiscal Year Up to the Date of Publication of the Annual Report, Their Average Years of Service, Average Age, and Education Levels

Year		2024	2023	Current year up to March 31, 2025
No. of employees	Direct labor	0	1	0
	Indirect labor	22	48	20
	Management personnel	32	27	32
	Total	54	76	52
Average age		46	44	46
Average years of service		3	2	3
Percentage of educational background	Doctorate	0%	0%	0%
	Master’s	13%	10%	13%
	College level	81%	74%	81%
	High school level	6%	16%	6%
	Below high school	0%	0%	0%

IV. Environmental Protection Expenditures

(I) The record of losses and penalties due to environmental pollution in the most recent year and as of the date of publication of the annual report:

Date	Reference No.	Provisions of law violated	Content of the punishment
2024/01/25	23-113-010003	Article 6 of the Management Regulations for Construction Project Air Pollution Control Facilities, Article 7 of the Management Regulations for Construction Project Air Pollution Control Facilities, Article 10 of the Management Regulations for Construction Project Air Pollution Control Facilities, Article 14 of the Management Regulations for Construction Project Air Pollution Control	The fine was NTD 150,000

Date	Reference No.	Provisions of law violated	Content of the punishment
		Facilities, Article 8 of the Management Regulations for Construction Project Air Pollution Control Facilities Paragraph 2, Article 23 of the Air Pollution Control Act	
2024/02/17	23-113-02001	Article 6 of the Management Regulations for Construction Project Air Pollution Control Facilities, Article 7 of the Management Regulations for Construction Project Air Pollution Control Facilities, Article 8 of the Management Regulations for Construction Project Air Pollution Control Facilities, Article 10 of the Management Regulations for Construction Project Air Pollution Control Facilities, Paragraph 2, Article 23 of the Air Pollution Control Act.	The fine was NTD 232,500
2024/04/12	20-113-040005	Subparagraph 1, Paragraph 1, Article 32 of the Air Pollution Control Act	The fine was NTD 225,000
2024/05/10	40-113-050010	Paragraph 1, Article 36 of the Waste Disposal Act	The fine was NTD 60,000

(II) Amount of annual environmental protection expense
NTD 3,253 thousand in 2024

V. Labor Relations

(I) Employee benefit measures, continuing education, training, pension system, and important labor-management agreements

(1) Employee benefits

The company legally allocates welfare funds and establishes an employee welfare committee to implement various welfare policies, including bonuses such as year-end bonuses and performance bonuses. Relevant insurance: In addition to labor and health insurance, we provide sound group insurance and international business travel insurance. The Company provides regular free health check-ups, organizes a variety of activities, and offers subsidies for marriage, funerals, hospitalization, and birthdays, as well as a bonus system and other related initiatives to support employees' diverse needs. These measures are intended to strengthen employees' sense of belonging and loyalty to the Company. To ensure the safety of employees' vehicles, the Company has established a dedicated parking area, allowing staff to focus on their work without concerns about the security of their transportation. We have set up plant-wide staff suggestion boxes for two-way communication.

(2) Further studies and training:

The purpose of the Company's education and training is to improve the quality of our in-service personnel, enhance their learning abilities and work efficiency, and then retain more talents. The Company has a complete education and training system and a career development system. With on-the-job training as the basis, we offer regular training courses for various levels and functions to enhance employees' professional knowledge and skills. We also hold overseas visits, seminars, and training sessions to reinforce their competitiveness, while comprehensively improving the Company's technical and management capabilities.

(3) Pension system

The Company has settled the pension in accordance with the Labor Standards Act and the employees who have reached the consent to receive the defined benefit plan. As of December 31, 2023, the Company has no employees who are entitled to receive the defined benefit plan.

For the pension plan under the Labor Pension Act chosen by the employees, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum.

(4) Important labor-management agreements: Regular labor-management meetings.

(II) Any losses suffered by the Company in the most recent year and up to the publication date of the annual report due to labor disputes: None:

(III) Estimated labor disputes and possible expenses that could be incurred in the future due to labor disputes: none.

VI. Cybersecurity security management

(I) The information and communication security risk management framework, policy, the specific management plan, and the resources invested in the information and communication security management.

1. Information and communication risk management structure:

   The Company established an Information Security Task Force in 2020, and in 2023 appointed a dedicated Chief Information Security Officer and one full-time information security staff member.

   The information security personnel continuously carry out the following tasks:

   ● – Responsible for monitoring information security and performing security maintenance operations.

   ● Reporting on information security risk management in weekly routine meetings.

2. Information security policy:

   (1) The Company's business operation relies on the establishment and development of information systems, and we must ensure that information services will not be interrupted.

   (2) We have established an off-site backup mechanism and a backup system for our information systems according to their risk levels to ensure data security.

   (3) With the diversification of network applications, we continue to enhance our security defense capabilities to prevent information security threats.

3. Specific management plan:

   (1) Monitoring, anti-virus, and backup management:

   - All servers and personal computers are required to have endpoint antivirus software installed, with automatic virus signature updates enabled.
   - The email system is equipped with security modules, including spam filters, malware detection, and attachment control mechanisms to enhance email security.
   - All application systems and databases implement data backup procedures. Backup data must be labeled with the backup date, system name, and data contents, and stored offsite.
   - Disaster recovery drills are conducted periodically for all information systems.
   - Regular vulnerability scans are conducted on application systems and server hosts to proactively address potential risks.

- Automated backups are scheduled on a monthly, weekly, or daily basis, depending on the risk level of each information system.
- Offsite backup mechanisms are established for critical systems.
- Cybersecurity monitoring devices are deployed on company premises.

(2) Manage network security and access control

- Account privilege levels are strictly enforced, with permission control over database and file access.
- – Password policies require a minimum length of 8 characters, must meet complexity standards, and be updated regularly.
- For employee status changes, account access rights must be updated within 24 hours.
- Data transmitted over networks must be encrypted by default.
- Internal critical networks and application systems are isolated from external networks using firewalls.
- The Company has established comprehensive Computer Data Security Management Regulations and Cybersecurity Management Guidelines to ensure proper handling of sensitive information.

(3) Information security awareness

A. Regularly hold employee information security seminars or promote information security information through emails and announcements.

B. Perform information security audits and hold exercises from time to time to raise employees' awareness of information security.

(II) Please specify the losses and potential impacts caused by material information security incidents and countermeasures in the last year and up to the publication date of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be specified: None.

VII. Important Contracts

Type of contract	Client	Contract period	Main content	Restricted clauses
Long-term borrowings	Hua Nan Commercial Bank	2018.02.22~2038.02.22	Medium- to long-term loan contract	N/A
OEM contract	XT Tyre	2023.03.01~2030.12.31	Manufacturing and supply	Without the consent of the Company, no transfer of the Company's order to third party for manufacturing and production is allowed.
OEM contract	Nankang Rubber Tire Corp., Ltd.	2023.11.20 - 2025.11.19	Manufacturing and supply	Without the consent of the Company, no transfer of the Company's order to third party for manufacturing and production is allowed.
OEM contract	S.R.Tyres Co., Ltd. Thailand	2024.09.20 - 2029.09.20	Manufacturing and supply	Without the consent of the Company, no transfer of the Company's order to third party for manufacturing and production is allowed.

Five. The Review and Analysis of Financial Position and Financial Performance, and the Risk Matters.

I. Financial Position

Financial position comparison and analysis

Unit: NTD 1,000; %

Item \ Year	2024	2023	Difference		
			Amount	%	Explanation
Current assets	993,078	1,259,386	(266,308)	(21)	Financial assets measured at amortized cost – current decreased by approximately $382 million year over year.
Property, plant and equipment	3,926,565	4,371,942	(445,377)	(10)	
Intangible assets	3,641	6,257	(2,616)	(42)	The amortization of computer software in 2024 is about 2.62 million.
Other assets	8,496,226	8,137,810	358,416	4	
Total assets	13,419,510	13,775,395	(355,885)	(3)	
Current liability	932,474	734,740	197,734	27	Short-term borrowings increased by approximately $281 million year over year.
Non-current liability	5,744,225	5,851,032	(106,807)	(2)	
Total liability	6,676,699	6,585,772	90,927	1	
Share capital	4,733,292	4,733,292	-	-	
Capital reserve	164,214	164,221	(7)	-	
Retained earnings	(2,724,394)	(2,259,240)	(465,154)	(21)	The loss was NTD 465 million in 2024.
Other equity	4,752,734	4,734,385	18,349	-	
Treasury stock	(183,035)	(183,035)	-	-	
Total shareholders' equity	6,742,811	7,189,623	(446,812)	(6)	

II. Financial Performance

Financial performance comparison and analysis

Unit: NTD 1,000; %

Item \ Year	2024	2023	Increase (decrease) in amount	Percentage of change (%)	Reason for difference
Operating revenue	267,380	478,402	(211,022)	(44)	The US anti-dumping and the Company's Guanyin Plant temporarily suspended production in February 2023, which affected the Company's revenue performance.
Operating cost	(249,931)	(775,144)	(525,213)	(68)	
Gross profit (loss)	17,449	(296,742)	314,191	106	
Operating expenses	(243,631)	(780,139)	(536,508)	(69)	Severance pay benefits declined by about NT$270 million.
Operating income (loss)	(226,182)	(1,076,881)	850,699	79	
Non-operating revenues and expenses	(217,050)	(651,723)	434,673	67	The impairment loss on real estate, plant, and equipment decreased by approximately NT$342 million compared to the previous year.
Net income (loss) before tax	(443,232)	(1,728,604)	1,285,372	74	
Income tax benefits (expenses)	(21,922)	(695)	21,227	3,054	
Net income (loss) for the period	(465,154)	(1,729,299)	1,264,145	73	

III. Cash flows

(I) Liquidity analysis for the last two years

Item \ Year	2024	2023	Increase/Decrease (%)
Cash flow ratio	(22.53)	(61.31)	(63)
Cash flow adequacy ratio	(103.79)	(19.06)	445
Cash re-investment ratio	(1.78)	(3.16)	(44)

(II) Liquidity analysis for the coming year

Unit: NTD thousand

Opening cash balance (1)	Estimated net cash flow from operating activities for the year (2)	Estimated cash flow for the full year (3)	Estimated cash surplus (deficit) amount (1)+(2)-(3)	Remedial measures for estimated cash deficit amount	
				Investment plans	Financing plans
784,299	(74,392)	117,100	592,807	Not applicable	Not applicable

Description: 1 Cash flow analysis for the year:

a. Operating activities: Estimate net cash inflows (outflows) from operating activities based on the annual budget.

b. Investing activities: Mainly capital expenditures for the purchase of fixed assets.

c. Financing activities: Short-term financing for operating activities and medium- and long-term loans for capital expenditure.

2 Liquidity analysis for the coming year:

The beginning cash balance was approximately NT$784,299 thousand, which exceeded the net cash outflow of approximately NT$191,492 thousand.

IV. Effect Upon Financial Operations of Any Major Capital Expenditures During the Most Recent Fiscal Year

None.

V. Company Investment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Investment Profitability, and Investment Plans for Coming Year

(I) Company Investment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, and Plan for Improving Investment Profitability:

The Company’s investee Federal Tire (Jiangxi) terminated production, and impairment losses on equipment were recognized. For China's domestic market, we will entrust domestic OEM manufacturers to supply products, together with imported tires; as such, we will continue the RE market and strengthen and consolidate our existing distribution channels.

(II) Investment Plan for the Coming Year: None.

VI. Risk Analysis and Assessment

(I) Impacts of interest rates, exchange rates, and inflation to the Company's earnings, and the responsive measures:

1. Interest rate

   The Company's interest rate risk mainly comes from the long-term and short-term liabilities, and we will adopt an appropriate proportion of financing instruments at fixed interest rates as per market conditions and annual capital budget, to reduce the risk arising from interest rate fluctuations.

2. Exchange rate changes

   Given the Company's multinational operations, it is exposed to foreign exchange risk arising from transactions conducted in currencies different from the functional currencies of the Company and its subsidiaries, primarily the US dollar and Renminbi. To manage such risks, the Company primarily utilizes short-term borrowings in foreign currencies and enters into forward foreign exchange contracts as part of its hedging strategy.

3. Inflation

   Sudden shifts in market expectations regarding inflation or deflation often affect global economic performance and market efficiency, exerting adverse impacts on both macroeconomic and microeconomic levels. Such fluctuations may lead to volatility in the value of various asset markets, which in turn may negatively affect the Company's operating costs.

(II) Policies on high risk and highly leveraged investments, loans to others, endorsements / guarantees and the trading of derivative instruments; describe the main causes of profit or loss and responsive measures in the future:

(1) The Company does not engage in high-risk highly leveraged investments.

(2) The borrowing guarantees and commitments provided by the Company are all handled in accordance with the Loan and Endorsement/Guarantee Procedures, and we evaluate such business through prudent operating procedures, with upper limits on the total amount of loans and the amount of each loan to others. At present, endorsement/guarantees and loans to others are limited to subsidiaries. As they are wholly-owned, the risk is limited.

(3) We engage in derivatives trading with financial institutions with excellent credit ratings and deal with various financial institutions at the same time to diversify credit risks. Our derivatives trading is all handled in accordance with the Company's Procedures for Asset Acquisition and Disposal, mainly to avoid exchange rate risks in foreign-currency positions of accounts receivable and accounts payable and reduce the impact of exchange rate fluctuations on the Company's operations.

(III) Future r&d plans and estimated r&d expenditures: none.

(IV) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response:

Aside from the impact on the Group's U.S. market caused by the implementation of the final anti-dumping duty rate ruling in the United States for the year 2021, the Company's operations were also affected by factors such as the COVID-19 pandemic, inflation, and interest rate hikes driven by the U.S. Federal Reserve's monetary tightening policy. In response to these challenges and in pursuit of business continuity, flexibility, and the best interests of the Company and its shareholders, the Board of Directors resolved on February 10, 2023, to temporarily suspend all production at the Guanyin Plant. The impacts and corresponding response measures related to the suspension of operations at the Guanyin Plant are detailed as follows:

(I) The Company completely suspended production at the Guanyin Plant in early March 2023. On February 15, 2023, the Company submitted a mass layoff plan to the competent authority. Additionally, a labor-management negotiation meeting was held on February 22, 2023, during which an agreement was reached to reduce various expenses.

(II) Due to the temporary suspension of production, which will affect consolidated revenue and profits, the following countermeasures are proposed:

1. The Company will significantly adjust its order-taking policy, prioritizing only profitable orders. Existing customer orders will be fulfilled on schedule using pre-prepared inventory, ensuring customer interests are not affected. In addition, the Group will optimize its organizational structure and streamline manpower to reduce expenditures.

2. During the suspension period, operational and production-related expenses will be reduced, lowering cash outflows. However, in the short term, the Company will continue to accept contract manufacturing orders for tire products to maintain customer relationships and ensure normal operations.

3. Over the next two years, the Company will continue to secure

distribution channels. Should strong demand arise from customers, production at the Guanyin Plant can be resumed to meet supply needs.

(III) The Company has sought overseas OEM cooperation production plans and is actively re-engaging with willing factories to gradually resume shipments to the U.S. The Company temporarily suspended production and continued to sell inventory to other manufacturers for OEM or parallel input. The Company also cooperated with overseas OEMs to execute production.

The Company has entered into contract manufacturing agreements with XT TYRE (Vietnam), S.R. Tyres Co., Ltd. (Thailand), and Nankang Rubber Tire Corp., Ltd. (collectively referred to as the "contract manufacturers"). tires produced by the contract manufacturers will be sold to the U.S. and neighboring Southeast Asian markets. The contract manufacturers shall produce the Company’s products in accordance with its order instructions and operating specifications. In terms of quality agreements, the products must meet the Company’s quality standards and be subject to its audit rights. Regarding business and technical matters, the manufacturers are obligated to maintain confidentiality, ensure no infringement of intellectual property rights, and guarantee after-sales service for the products. In addition, without the consent of the Company, it is prohibited to transfer the Company's order to third parties for manufacturing and production.

The Company entered into a cooperation agreement with Qingdao OTAI Tire Co.,Ltd. in China (hereinafter referred to as “Qingdao OTAI”), under which the Compny authorized Qingdao OTAI to manufacture tires using the Group’s brand, trademarks, and product names. The authorization is limited to sales within mainland China and does not permit sales to overseas markets. Under the quality agreement, the products must meet the quality standards mutually agreed upon by both parties, and after-sales service must be guaranteed.

In consideration of future product diversification, timeliness, growth in sales orders, and the need to ensure a stable long-term supply of tires, the Company is also seeking additional overseas contract manufacturers. The Company continues to engage with potential future partners, targeting manufacturers that can provide stable supply, reduced trade barriers, high product quality, and competitive pricing.

(V) Effect of changes in technology (including information and communication security risks) and industrial changes on the Company's financial operations and countermeasures:

In response to the rapid changes in the economic environment, the Company has continuously improved our software and hardware equipment and striven to integrate and digitalize the overall resources, such as the adoption of an automatic production scheduling system and a product life cycle management system, to improve our production process and control efficiency, thereby strengthening our market competitiveness.

The oversupply of China's production capacity in recent years has disrupted market prices in the tire industry and resulted in a vicious cycle of competition. The Company will develop high value-added products, reduce production costs, maintain quality, and improve competitiveness with a view to improving profitability.

(VI) Effect on the company's crisis management of changes in the company's corporate image and measures to be taken in response:

To jointly develop with Taiwan, based on the business philosophy that "giving what you have taken from society back to society", the Company need to pay attention to our reputation the society's recognition and has, thus, been actively participating in various social charity activities for a long time. For example, we co-organized folk activities with the local government, donated land to build parks and community centers, employed people with disabilities in a number that is more than required, and organized various social charity activities to give back to the local community through the Ma Chi-Shan Foundation.

We have spared no effort to improve environmental protection and investing in new equipment or renovations to create a green factory to obtain recognition and positive reviews from the society. In addition, we have established a crisis response system in the organization, to respond to any legal, quality, safety, and other crisis with the most rapid and effective countermeasures.

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

(VIII) Expected benefits and possible risks associated with any plant expansion and mitigation measures being or to be taken: None.

(IX) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken: None.

(X) The impact and risks of the massive transfer or change of equity by directors or major shareholders with more than 10% of the shares held, and the countermeasures: None.

(XI) Effect upon and risk to company associated with any change in governance personnel or top management and mitigation measures being or to be taken: None.

(XII) Litigation or non-litigation cases:

(1) On February 8, 2018, the Company was sued by 176 plaintiffs including Wu Cheng-Kuei. These plaintiffs claimed that a fire accident broke out in the Company's Zhongli Plant on January 17, 2017, which caused a huge impact on the health of local residents, and thus filed a civil lawsuit against the Company. The case is still under trial, and it is difficult to evaluate its impact on the Company. If there is any additional impact caused by this case in the future, the Company will evaluate and account for it as per accounting principles and disclose it in the financial report.

(2) For a lawsuit filed by Yuanta Commercial Bank (hereinafter referred to as “Yuanta Bank”.) against New Site Industries., Inc. (hereinafter referred to as “New Site”) and Hsieh, Kuo-Ching et al. (hereinafter referred to as the “New Site case”), Yuanta Bank, on October 19, 2020, filed a civil lawsuit against the Company as it believed that Hsieh, Kuo-Ching was an employee of the Company, which should be liable for joint and several damages and pay NT$39,550 thousand, plus an interest of 5% per annum, from the day after the petition is served. The Company believes that New Site and such persons, without the consent of the company, engaged in false transactions since 2016 in the name of the Company and falsely claimed that they had receivables from the company and applied for a loan from Yuanta Bank, prompting it to file a civil lawsuit against the Company. Therefore, the Company, on May 6, 2021, filed a civil complaint against New Site and Hsieh, Kuo-Ching and among other 9 persons involved in the New Site case, demanding a payment of NT$39,550 thousand, plus an interest of 5% per annum, from the day after the petition is served. As this case is still in court, it is difficult to assess the impact on the Company. If there is any additional impact caused by this case in the future, the Company will evaluate and account for it as per accounting principles and disclose it in the financial report.

(3) The Company signed a machinery and equipment trading contract with Yung Ka Gu Enterprise Co., Ltd. (Yung Ka Gu) on December 26, 2019. The total price was NTD 126,000 thousand

(tax included). As of December 31, 2024, NTD 112,350 thousand had been paid. The construction projects as of December 31, 2024 and 2023 were both NTD 107,000 thousand. The Company considered that the equipment did not meet the standards stipulated in the purchase contract and, on May 26, 2023, sent a lawyer's letter to Yung Ka Gu Enterprise Co., Ltd. requesting the termination of the contract. Yung Ka Gu Enterprise Co., Ltd. responded on June 12, 2023, with a legal attest letter asserting that the Company's claim was not legally valid and requested payment of the remaining amount of NT$13,650 thousand. As of the date of the consolidated financial statements for 2024, the Company and Yung Ka Gu Enterprise Co., Ltd. were still in negotiation. The Company recognized an impairment loss of NT$59,920 thousand in 2024.

VII. Other Important Matters

None.

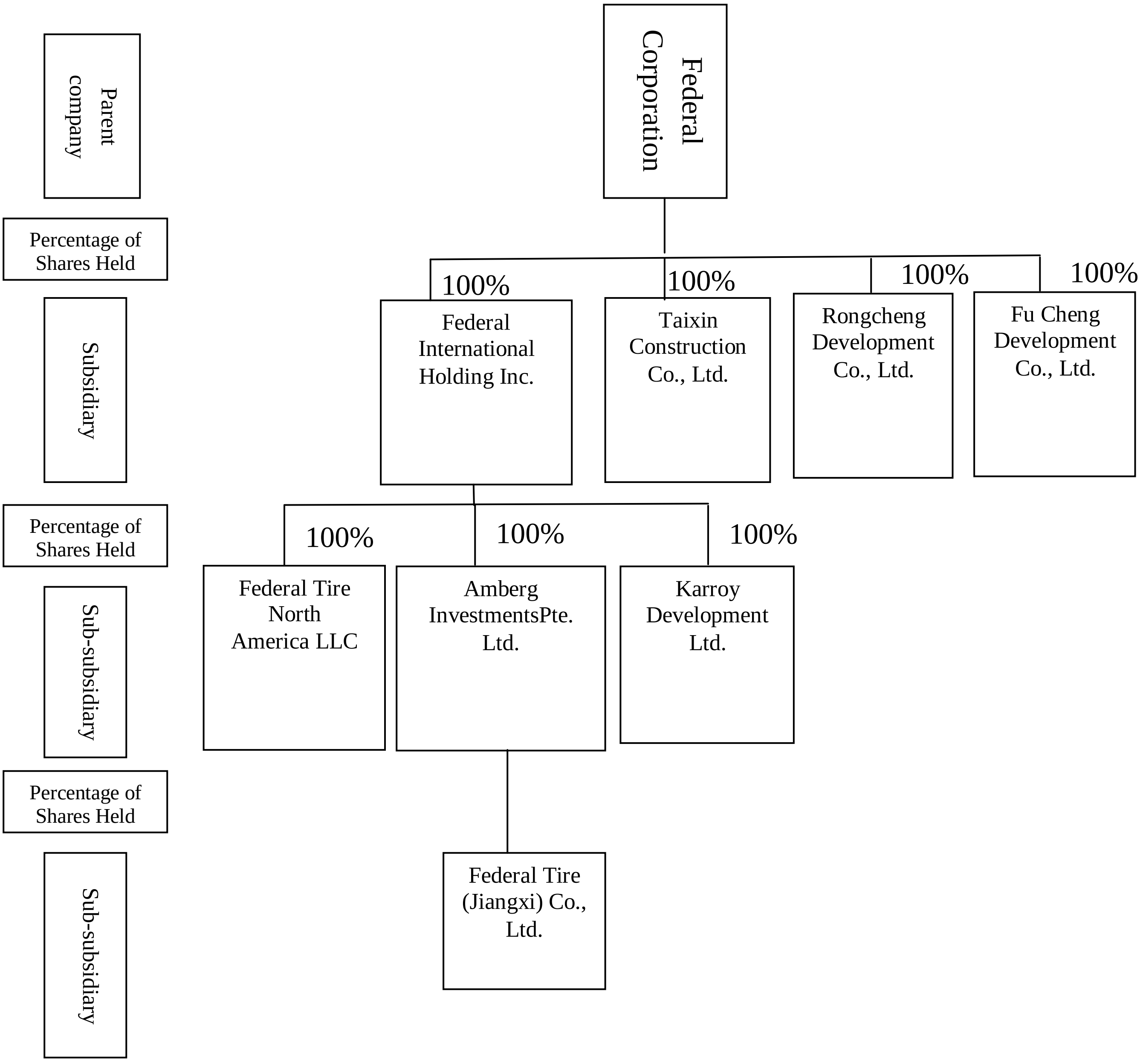
Six. Special Notes

I. Information on Affiliates

(I) Affiliated enterprise consolidated business report

(1) Organizational chart for affiliates

Federal Group's Investment Structure



(2) Basic Information on each affiliate

Unit: NTD

Name enterprises	Date of Incorporation	Address	Paid-in capital	Principal business or products
Taixin Construction Co., Ltd.	1996.10.01	No. 369, Huanxi Road, Guanyin District, Taoyuan City	TWD 330,000,000	Contracting of builders to build residential and commercial buildings for lease and sale
Rongcheng Development Co., Ltd.	2021.09.14	No. 369, Huanxi Road, Guanyin District, Taoyuan City	TWD 10,000,000	Contracting of builders to build residential and commercial buildings for lease and sale
Federal International HoldingInc.	2004.04.27	P.O. Box 31119 Grand Pavilion,Hibiscus Way, 802 West Bay Road, Grand Cayman,KY1-1205 Cayman Islands.	USD 49,900,000	General investment
AmbergInvestments Pte.Ltd.	1996.06.26	165 BUKIT MERAH CENTRAL #05-3679 SINGAPORE (150165)	SGD 85,762,738	General investment
Federal Tire (Jiangxi) Co., Ltd.	1997.01.08	No. 639, Shanghai Road, Nanchang City, Jiangxi Province, China	CNY 394,174,430.01	Production and sales of various tires and rubber products
Karroy Development Ltd.	2007.11.12	Room 1204,Yu Sung Boon Bldg., 107-111 Des Voeux Road Central, Hong Kong	HKD 2,000,000	Commercial building rental business
Federal Tire North. America.LLC	2015.9.16	888 S. Brea Canyon Road Suite 225, Diamond Bar, CA 91789	USD 800,000	Distribution of tires
Fu Cheng Development Co., Ltd.	2022.10.06	No. 369, Huanxi Road, Guanyin District, Taoyuan City	TWD 8,000,000	Contracting of builders to build residential and commercial buildings for lease and sale

(3) Entities concluded as the existence of the controlling and subordinate relation: none.

(4) The industries covered by the business operated by the affiliates overall: Investment, sale, and architecture.

(5) The names of the directors and general manager of each affiliate.

The names of the directors and general manager of each affiliate.

Name enterprises	Title	Name or representative	Shares Held Directly	
			Number	Percentage of Shares Held
Taixin Construction Co., Ltd.	Chairperson	Representative of Federal Corporation: Kuo, Lin-Liang	33,000,000	100%
Rongcheng Development Co., Ltd.	Chairperson	Representative of Federal Corporation: Lu, Heng-Chih	1,000,000	100%
Federal International HoldingInc.	Director	Representative of Taiflex Technology Inc.: Kuo, Ling-Yao	USD 49,900,000	100%
Amberg Investments Pte. Ltd.	Director	Kuo, Ling-Liang LIM CHOI HWEE	SGD 85,762,738	100%
Federal Tire (Jiangxi) Co., Ltd.	Chairperson Director Director President	Representative of Federal Corporation: Huang, Chiang Representative of Federal Corporation: Chung, Cheng-Yen Representative of Federal Corporation: Wang, Li-Hua Huang, Chiang	CNY 394,174,430.01	100%
Karroy Development Ltd.	Director	Representative of Taiflex Technology Inc.: Kuo, Ling-Yao	HKD 2,000,000	100%
Federal Tire North America LLC	Director	Representative of Taiflex Technology Inc.: Kuo, Ling-Yao	USD 800,000	100%
Fu Cheng Development Co., Ltd.	Chairperson	Representative of Federal Corporation: Kuo, Lin-Liang	800,000	100%

(6) Operations of affiliates

December 31, 2024
Unit: NTD thousand

Name enterprises	Paid-in capital	Total assets	Total liability	Net value	Operating revenue	Operating profit (loss)	Income (loss) after tax in this period	Earnings per share (NTD)
Taixin Construction Co., Ltd.	330,000	5,966,340	618,570	5,347,770		(167,375)	57,272	1.74
Amberg Investments Pte. Ltd.	2,069,438	546,439		546,439		(355)	(28,381)	
Federal Tire (Jiangxi) Co., Ltd.	1,765,310	552,789	187,512	365,277	13,734	(22,584)	(34,361)	
Federal International Holding Ltd.	1,635,972	536,361		536,361		(285)	(35,969)	
Fu Cheng Development Co., Ltd.	8,000	113,444	29,053	84,391		(79)	(56)	(0.07)
Rongcheng Development Co., Ltd.	10,000	217,821	47,236	170,585		(379)	(372)	(0.37)
Karroy Development Limited	8,445	83,462	40,421	43,041	136	(246)	(2,690)	
Federal Tire North.America.LLC	26,228	9,080	82,280	(73,200)	213	(2,273)	(5,338)	

Note 1: For affiliated companies that are foreign entities, the relevant figures are converted into New Taiwan Dollars based on the exchange rate as of December 31, 2024, and the average exchange rate for the entire year.

Note 2: Federal International Holding Inc. resolved to increase its capital in cash by USD 500,000 on June 25, 2024, as approved by management, and completed the registration of capital change on June 26, 2024.

Note 3: Regarding Federal Tire North America LLC., a cash capital increase of USD 600,000 was approved by a written resolution of the board of directors on August 26, 2024.

(II) Consolidated financial statements of affiliated companies

Federal Corporation
Representation Letter

The associates that are required to be included in Federal Corporation’s consolidated financial statements as of and for the year ended December 31, 2024, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10. In addition, the information required to be disclosed in the combined financial statements of associates is included in said consolidated financial statements. Consequently, a separate set of combined financial statements of associates will not be prepared.

It is hereby declared.

Federal Corporation

Responsible person: Kuo, Lin-Liang

March 3, 2025

(III) Affiliation Reports: Not applicable.

II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Publication Date of the Annual Report

None.

III. Other Supplementary Information

None.

Seven. Situations Listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report

None.

Federal Corporation

Chairperson: Kuo, Lin-Liang