



Lung Hwa Electronics Co., Ltd.

2024 Annual Report

Annual Report Query Website (Market Observation Post System):

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I. Report to Shareholders

Dear Mr. and Mrs. Shareholders: Hello everyone!

Reviewing the year 2024, in the face of the challenges of a volatile global economic and industrial environment, The Company has continued to adhere to stable operating principles, focusing resources on core businesses with long-term competitiveness, while strengthening financial health and operational flexibility to respond to future market momentum and industrial transformation.

Operationally, Lung Hwa is the only Taiwan company that simultaneously provides global maritime satellite broadband networks, global satellite operation data center services, and B5G/6G satellite application integration solutions. Lung Hwa and the globally renowned satellite broadband equipment giant Hughes Group have established a technical cooperation relation, which, in addition to enhancing service quality and market competitiveness, also extends into fields such as satellite application services and maritime Internet of Things system integration. As of now, Lung Hwa has established satellite ground receiving stations in six locations around the world, specifically in Taiwan, the United States, Australia, Japan, Italy, and India. Its global satellite broadband coverage network spans major economic waters such as the Pacific, Atlantic, Indian Ocean, and Europe. In response to the fact that over 70% of the global area is covered by oceans, there is a high demand for stable communication in related commercial activities such as shipping, ocean-going fishing, offshore engineering, and energy platforms. Lung Hwa has integrated both high and low orbit satellite resources and combined them with terminal equipment specifically designed for ship and offshore operational environments to provide highly reliable, low-latency communication solutions, covering application scenarios including ocean-going fishing vessels, cargo ships, merchant ships, ferries, and offshore working platforms. In the future, we will actively invest in the development of maritime-related hardware, image compression, and value-added services, expanding into markets such as drones, unmanned ships, and intelligent ship management to increase user stickiness and service scale. The Company also established a wholly-owned subsidiary, Sandian Intelligence Co., Ltd., this year and signed an AI cooperation contract with Daku Office Co., Ltd. to enhance services such as data management and integration. With the increasing demand for maritime communications, the Internet of Things, and intelligent ship management, the future growth momentum of Lung Hwa is promising.

Videosoft is a leader in low bandwidth real-time video streaming. By combining high-efficiency compression with advanced transmission protocols, it is possible to consistently deliver high-quality real-time video with ultra-low bandwidth, even in environments with unstable signals. This greatly overcomes the previous limitation of "no live broadcast due to insufficient bandwidth." The video technology of Videosoft not only has high compression rate and low latency, but also offers industrial-grade stability and a user-friendly interface. It supports synchronized transmission of video, audio, and data, making "live streaming anytime and anywhere" possible. The application fields are very broad, covering aviation, drones, energy industries, military and police, maritime communications, surveillance, and more. Additionally, it can also extend and integrate into sea, land, and air satellite communication solutions. Currently, their products have been adopted by several international satellite service providers

and are commonly used in military, police, and drone surveillance missions in Europe and the United States. They also continue to receive many high-margin orders from the aviation, drones, and energy industries, which are very helpful in driving performance. With the rise in global geopolitical and cybersecurity demands, the demand for high-definition real-time streaming is also heating up. Videosoft's compression technology will continue to be an important driving force in this market, with considerable growth potential.

The Company will look to the future by continuously enhancing operational efficiency, seizing market opportunities, progressing steadily, and striving to create stable and sustainable value returns for all shareholders.

I. 2024 Annual Operation Report

(I) 2024 Annual Operation Report

Unit: Thousands of New Taiwan Dollars

Item	2024	2023	Increase (decrease) ratio (%)
Operating income	140,071	106,671	31.31
Business benefit (loss)	(191,820)	(188,820)	1.59
Profit and loss before tax	(185,226)	(198,942)	(6.89)
Earnings (loss) per share after tax	(3.35)	(3.95)	(15.19)

(II) Budget implementation

Not applicable. The Company's 2024 budget has not been public.

(III) Analysis of financial revenue and expenditure and profitability

1. Financial income and expenditure

Unit: Thousands of New Taiwan Dollars

Item	2024	2023	Increase (decrease) amount	Increase (decrease) ratio
Interest income	2,108	1,903	205	10.77
Interest expense	11,786	13,249	(1,463)	(11.04)

2. Profitability analysis

Item	2024	2023
Return on assets (%)	-27.88%	-30.93%
Return on equity (%)	-61.59%	-67.87%
Operating profit (loss) to paid-in capital (%)	-33.50%	-35.44%
Net income (loss) before tax to paid-in capital (%)	-32.15%	-37.34%
Net profit (loss) rate (%)	-132.24%	-186.50%
Earnings (loss) per share after tax (NT\$) (Note)	-3.35	-3.95

(Note) The 2024 loss per share has not yet been approved by the shareholders' meeting.

(IV) Research and development results

1. Maritime satellite communication business

In order to achieve the integrity of satellite communications and provide more interconnections, platforms and communication solutions under high-quality connections through the global NOC infrastructure, the Company's years of research and development results are as follows:

(1) Self-built satellite ground station

The infrastructure for global satellite coverage and reception has been completed, and a self-built satellite ground station has a global satellite network monitoring center in Taiwan. The Taiwan center is interconnected with all regional satellite networks and manages all local and roaming data traffic for billing and settlement.

(2) Maintenance customer service

Provide customer service 24/7, provide customers with explanation and consulting services, troubleshoot problems and effectively solve customer problems.

(3) Timely support from the original factory

By cooperating with various satellite original manufacturers, you can immediately obtain in-depth technical support from the original satellite manufacturers to provide better network quality and stability.

(4) Intelligent ship management

Intelligent ship management includes more than 2,000 ship data, electronic chart displays and information system mass flow meters (MFM). From the ship to the cloud infrastructure, important and valuable ship data can be easily accessed to support the operational decisions of crew and management. Significantly reduce environmental

footprint.

- (5) Telemedicine
Real-time video and voice communication with doctors, transmission of medical equipment diagnosis results, and assistance in remote emergency judgment.
 - (6) Low bandwidth video
Exclusive image compression transmission technology and ultra-low data loss can save up to 80% of data usage costs.
 - (7) LTE mobile data
Dynamic data routing between LTE mobile, Ku-band and L-band satellite networks controls data usage and duration for a single user through the firewall.
 - (8) Behavior management
Behavior management uses next-generation firewall (NGFW) to manage user behavior and manage application access as needed. * Integrated intrusion prevention Application awareness and control to block specific applications URL filtering to enforce policies on specific URLs Standard firewall capabilities.
 - (9) VoIP network services
VoIP solutions extend services to customer premises on land. Through cooperation with Telstra and Chunghwa Telecom, LHSAT is able to assign local telephone numbers to ships. With number resources in more than 90 countries around the world, LHSAT can directly make local calls to ships without paying expensive satellite or international phone charges.
 - (10) The iNSPIRE series products
The iNSPIRE series products can integrate large cabinets on ships into small desktops, combining high and low orbit antenna conversion.
2. High-efficiency video compression imaging products
The results of years of research and development are as follows:
- (1) Automatic, adaptable, and reliable video streaming overcomes the worst bandwidth- deficient areas of the network.
 - (2) Through streaming transmission as low as 4kbps, data transmission costs are greatly reduced.
 - (3) Remotely monitor multiple areas of interest, allowing users to operate real-time surveillance videos from anywhere in the world.
 - (4) Total Recall TM image enhancement feature allows users to select any area from the stream, regardless of quality, to quickly download high-resolution images and videos, providing detailed visual confirmation of events.

- (5) With an extensive feature set, this selection provides the flexibility to meet operational needs. Whether it's a fully integrated deployable camera, a standalone hardware encoder or software-based products for Linux, Android and iOS, they have a diverse set of options to meet unique needs.
- (6) The program code library is portable and easy to install across multiple processor platforms.

II. 2025 Operation Plan

(I) Business policy

According to statistics, the total output value of Taiwan's satellite industry in 2023 reached NT\$246.7 billion and is expected to reach 300 billion NT dollars by 2025. The output value of ground equipment accounts for over 90%, while satellite manufacturing and services each account for about 3%, indicating significant growth potential in these areas. Lung Hwa's current satellite operations use a combination of high-orbit and low-orbit satellites for backup, and collaborate with major international satellite companies Hughes and Iridium to provide maritime broadband communication services, operating through long-term contracts with monthly fees.

Lung Hwa expects to obtain a satellite operation license in 2025, making it the only private enterprise in the country, besides Chunghwa Telecom, with the capability to independently establish a satellite system and provide satellite operations. Additionally, it plans to establish a main station through cooperation with low-earth orbit satellite companies and actively obtain a low-earth orbit satellite operation license, making the company more flexible and agile. Lung Hwa also cooperates with subsidiary companies to develop AI technology, enhancing software and hardware solutions for fleet management and providing more comprehensive LHSat services, thus expanding additional revenue for satellite communications.

(II) Expected sales quantity and its basis

The Company's expected sales volume is based on existing customer demand orders, market analysis and overall operating production and sales plan reports. It is expected that the overall operating conditions in 2024 will continue to grow steadily.

(III) Important production and marketing policies

1. Gain insight into and understand customer needs, achieving value creation with a "customer-centric" approach.
2. Continue to develop new products, expand new markets and new customers, and strengthen market development capabilities.
3. Establish a subsidiary in the United States and actively strive for military, police, defense, and commercial OEM orders in the Americas.

4. Improve R&D and operational capabilities, increase partners or cross-industry cooperation, and expand online value-added services.
5. Optimize cost efficiency through multi-orbit satellite operations and product diversification.
6. Through the coordinated operation of the parent company and its subsidiaries, the synergy of the group's strategies can be unleashed.

III. Future company development strategy

- (I) Prospectively layout B5G/6G development, grasp the emerging technology trends of 6G, satellite communications, AI artificial intelligence, and the Internet of Things, actively invest in the development of new types of satellite communication products, and expand significant business opportunities in the future communications market.
- (II) Be committed to becoming the global leader in delivering high-quality, low-latency, real-time video over any wireless network.
- (III) Strengthen the functions of Taiwan's operating headquarters and carry out global business development with Taiwan as the center and the world as the hinterland.
- (IV) Actively implement the spirit of "widening alliances, mutual benefit and common prosperity", actively enter the international ecosystem, and invest in the development of innovative satellite communication application services with potential.
- (V) Through the exclusive operational licensing of enterprise sovereign AI agent technology, focus on the data automation and collection needs of small and medium-sized enterprises to develop diversified revenue models.

IV. Impact of external competitive environment, regulatory environment and overall operating environment

The competitive landscape of the maritime satellite communication industry is changing rapidly. With the rapid deployment of global routes by low-orbit satellite service providers such as Starlink Maritime and OneWeb, the market is evolving towards high speed, low latency, and low cost, putting significant pressure on operators primarily using medium and high-orbit satellite services. In response to this trend, Lung Hwa has actively adjusted its product strategy, optimizing equipment compatibility and service models to enhance its competitiveness in the international market.

Geopolitical factors have also increased the overall uncertainty in the shipping market. Tensions in regions such as the Red Sea and the Black Sea affect the stability of major shipping routes, further highlighting the importance of highly reliable maritime communication services. In response to the needs of offshore fisheries and international shipping customers, Lung Hwa continues to expand its diverse satellite frequency bands and redundancy backup solutions, enhancing service availability and risk response capabilities.

Furthermore, the increasing prevalence of AI and IoT in fleet operations and energy monitoring applications demands higher stability and scalability from satellite communications. Lung Hwa is leveraging its parent company's resources to deepen localized technical support, enhance application integration capabilities, and expand service added value.

In the face of an international and diversified market environment, The Company adheres to stable and pragmatic operating principles, flexibly responding to regulatory and technological changes, and continuously expanding in regional markets with development potential, creating stable revenue and profits, and generating long-term value for shareholders, customers, employees, and society.

Best wishes to all shareholders

Good health, safety and happiness

Chairman WANG, WKANG-HSIANG

General manager WANG, SHARON

II. Corporate Governance Report

(I) Information on directors, general managers, deputy general managers, assistant managers, heads of departments and branches:

1. Directors:

(1) Information of Directors (including Independent Directors):

April 30, 2025

Job title	Nationality or place of registration	Name	Gender	Election or appointment date	Year	Date of initial appointment	Shares held at the time of election		Number of shares currently held		Spouse and minor children currently hold shares		Holding shares in the name of others		Main experience (education)	Currently holding positions in the Company and other companies	Other executives, Directors or supervisors who are related to the spouse or within the second degree			Note		
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Number of shares	Shareholding ratio	Job title		Name	Relation
Chairman	Republic of China	WANG, WKANG-HSIANG	Male	2024.06.25	3	1997.06.16	2,077,366	9.67%	9,561,466	16.49%	3,760,013	6.48%	—	—	<ul style="list-style-type: none"> ◆ As the Chairman: - Tatong Co., Ltd. - Shanyuan Construction Co., Ltd. - Shanyuan Investment Co., Ltd. - Shanyuan Venture Capital Co., Ltd. - Sanyu Biotechnology Co., Ltd. - Eontronics International Co., Ltd. - Taipei Industrial Co., Ltd. - Tatong Intelligent Co., Ltd. - Shangxin Energy Co., Ltd. - Yaoyang Energy Co., Ltd. - Ting New Energy Co., Ltd. - Zhixin Energy Co., Ltd. - Tong New Energy Co., Ltd. - Tongguang Energy Co., Ltd. - Chuangshi Neng Co., Ltd. - Dai Tang Energy Co., Ltd. - Qin Intelligent Energy Co., Ltd. ◆ As a Director: - Tatong Asset Development Co., Ltd. - Zhisheng Real Estate Co., Ltd. - Fuhua Electronics Co., Ltd. - Fuhua Intelligent Co., Ltd. - Taipei Industrial Co., Ltd. - Shanyuan Construction Co., Ltd. - Midea International Biotechnology Co., Ltd. - Shanmeng Construction Co., Ltd. - Jiuyuan Industrial Co., Ltd. - Longlin Construction Co., Ltd. - Huazhu Engineering Co., Ltd. - Guoguang Media Co., Ltd. - Desheng Technology Co., Ltd. - Chief Venture Capital Co., Ltd. - Chief Financial Management Consulting Co., Ltd. - Beijing Capital Investment Co., Ltd. - Qiyi Technology Co., Ltd. - Guoguang Motor Passenger Transport Co., Ltd. - Chengtai Electronics (Wujiang) Co., Ltd. 	Director representative	WANG, SHARON	Second degree relatives	The general manager and the Chairman are first-degree relatives, hence one additional Independent Director position was added.			
															Director representative	ALLEN Y. WANG	Second degree relatives					

Job title	Nationality or place of registration	Name	Gender	Election or appointment date	Year	Date of initial appointment	Shares held at the time of election		Number of shares currently held		Spouse and minor children currently hold shares		Holding shares in the name of others		Main experience (education)	Currently holding positions in the Company and other companies	Other executives, Directors or supervisors who are related to the spouse or within the second degree			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relation	
Director	Republic of China	Zhonghua Investment Co., Ltd.	Female	2024.06.25	3	2009.06.19	1,786,050	8.31%	1,680,000	2.90%	—	—	—	—	<p>◆ As the Chairman:</p> <ul style="list-style-type: none"> - Guoguang Motor Passenger Transport Co., Ltd. - Guoguang Investment Management Consulting Co., Ltd. - Guoguang Trading Co., Ltd. - Taiwan Smart Card Co., Ltd. - Videosoft Global Co., Ltd. - Jiuyuan Industrial Co., Ltd. - Diwei Modern Art Co., Ltd. - Shengxing Power Information Technology Co., Ltd. - Chengtai Electronics (Wujiang) Co., Ltd. <p>◆ As a Director:</p> <ul style="list-style-type: none"> - Longlin Construction Co., Ltd. - Sanya Investment Co., Ltd. - Zhonghua Investment Co., Ltd. - Xinqing Investment Development Co., Ltd. - Rowda Capital Co. - Jingdian Investment Co., Ltd. - Xingxing Industrial Co., Ltd. - Xiutai Humanities Co., Ltd. - Sanyu Biotechnology Co., Ltd. - Shengyun Automobile Manufacturing Co., Ltd. - Shanyuan Construction Co., Ltd. - Baode Technology Co., Ltd. - Shanyuan Construction Co., Ltd. - Guoguang Wilo Holiday Travel Service Co., Ltd. - Emma Vehicle Materials Co., Ltd. - Fuhua Electronics Co., Ltd. - Fuhua Intelligent Co., Ltd. <p>◆ As a Supervisor:</p> <ul style="list-style-type: none"> - Kangju Technology Co., Ltd. - Sanli Investment Co., Ltd. - Shanyuan Venture Capital Co., Ltd. <p>◆ As a General Manager:</p> <ul style="list-style-type: none"> - Lung Hwa Electronics Co., Ltd. - Sanyu Biotechnology Co., Ltd. - Chengtai Electronics (Wujiang) Co., Ltd. - Qingdao Liansheng Industrial Co., Ltd. <p>◆ As an Independent Director:</p> <ul style="list-style-type: none"> - Elda Technology Co., Ltd. - Jialong Technology Engineering Co., Ltd. 	Representative of the Chairman	WANG, WKANG-HSIANG	Second degree relatives	The general manager and the Chairman are first-degree relatives, hence one additional Independent Director position was added.	
		Zhonghua Investment Co., Ltd. Representative: WANG, SHARON		2024.06.25	3	2009.06.19	1,932,862	8.99%	4,807,472	8.29%	—	—	—	—						Director representative

Job title	Nationality or place of registration	Name	Gender	Election or appointment date	Year	Date of initial appointment	Shares held at the time of election		Number of shares currently held		Spouse and minor children currently hold shares		Holding shares in the name of others		Main experience (education)	Currently holding positions in the Company and other companies	Other executives, Directors or supervisors who are related to the spouse or within the second degree Number of shares			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relation	
Director	Republic of China	Zhonghua Investment Co., Ltd.	Male	2024.06.25	3	2018.06.07	1,634,550	7.61%	1,680,000	2.90%	—	—	—	—	Southern California Metropolis Master of Planning	<ul style="list-style-type: none"> ◆ As the Chairman: - Rowda Capital Co. - Kangju Technology Investment Co., Ltd. - Jingdian Investment Co., Ltd. - Xingxing Industrial Co., Ltd. - Guoguang Media Co., Ltd. - Shanyuan Construction Co., Ltd. 	Representative of the Chairman	WANG, WKANG-HSIANG	Second degree relatives	
		Zhonghua Investment Co., Ltd. Representative: ALLEN Y. WANG		2024.06.25	3	2018.06.07	150	0%	4,844,710	8.36%	—	—	—	—	<ul style="list-style-type: none"> Director of Taipei Architectural Development Association Chairman of Taipei Construction City Congress Director of Taipei Architectural Development Association Chairman of Taipei Construction City Congress 					
Director	Republic of China	Zhonghua Investment Co., Ltd.	Male	2024.06.25	3	2012.6.21	1,797,600	8.36%	1,680,000	2.90%	—	—	—	—	Bachelor Chairman of Desheng Technology	<ul style="list-style-type: none"> ◆ As the Chairman: - Desheng Technology Co., Ltd. - Chief Venture Capital Co., Ltd. - Beijing Capital Investment Co., Ltd. - Chief Financial Management Consulting Co., Ltd. - Luptec Technology (Beijing) Co., Ltd. 	—	—	—	
		Zhonghua Investment Co., Ltd. Representative: Lin Kunming		2024.06.25	3	1997.06.16	40,152	0.19%	0	—	—	—	—	—						
Independent Director	Republic of China	Dong Qingquan	Male	2024.06.25	3	2018.06.07	—	—	—	—	—	—	—	<ul style="list-style-type: none"> Master Senior consultant of Xubang Investment Consulting Co., Ltd. General Manager of Chengqi Technology Co., Ltd. Deputy General Manager of Yingqun Enterprise Co., Ltd. HP Technology Co., Ltd. Manager 	<ul style="list-style-type: none"> ◆ As a Director: - Director of Desheng Technology Co., Ltd. 	—	—	—		
Independent Director	Republic of China	Lu Xinghua	Male	2024.06.25	3	2021.07.29	—	—	—	—	—	—	—	<ul style="list-style-type: none"> Master President of Jingtian Group 	<ul style="list-style-type: none"> ◆ As the Chairman: - Jingtian TV - Huazhou Biotechnology Co., Ltd. 	—	—	—		

Job title	Nationality or place of registration	Name	Gender	Election or appointment date	Year	Date of initial appointment	Shares held at the time of election		Number of shares currently held		Spouse and minor children currently hold shares		Holding shares in the name of others		Main experience (education)	Currently holding positions in the Company and other companies	Other executives, Directors or supervisors who are related to the spouse or within the second degree Number of shares			Note
							Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relation	
Independent Director	Republic of China	Wei Yunting	Female	2024.06.25	3	2024.06.25	—	—	—	—	—	—	—	—	Bachelor Staff Member of Chengzheng United Accounting Firm Manager of Zhongye Shares Co., Ltd. Accounting Certificate	Head of Defeng Tax and Accounting Firm General manager of Shangde Information Enterprise Co., Ltd.	—	—	—	
Independent Director	Republic of China	Li Shuping	Male	2024.06.25	3	2021.07.29	—	—	—	—	—	—	—	—	PhD Government Affairs Advisor, Executive Yuan National Federation of Pharmacists Association of the ROC General counsel General counsel Executive Director of the Association for the Promotion of Service and Altruism of the Republic of China The 10th Executive Supervisor of the Kaohsiung Branch of the Red Cross Society of the Republic of China Standing Member of the Taiwan Qiaotou Branch of the Crime Victims Protection Association Assistant Professor appointed by the Ministry of Education Jury member of the Legislative Yuan Council of Health and Welfare Medical Contribution Award Consultant to Kaohsiung City Government	<ul style="list-style-type: none"> ◆ As the Chairman: - Pingting Industrial Co., Ltd. ◆ As the Vice Chairman: - Sanyu Biotechnology Co., Ltd. 	—	—	—	

Note: The Company's corporate director representative, Mr. Li Yanzhang, resigned on March 7, 2025, leaving one director position temporarily vacant.

2024		2023	
Table 1: Major shareholders of company shareholders:		Table 1: Major shareholders of company shareholders:	
Legal person shareholder name	Major shareholders of company shareholders	Legal person shareholder name	Major shareholders of company shareholders
Zhonghua Investment Co., Ltd.	ALLEN Y. WANG (shareholding ratio 16%), WANG, SHARON (shareholding ratio 22%), Wang Yawei (shareholding ratio 19%), Wang Lichi (shareholding ratio 10%), Wang Liqun (shareholding ratio 7%), Wang Liming (shareholding ratio 7%), Wang Liju (shareholding ratio 3%), Wang Xuxue'e (shareholding ratio 6%), Sanya Investment (shareholding ratio 10%)	Rowda Capital Co.	Shanyuan Construction Co., Ltd. (shareholding ratio 100%)
		Xinqing Investment Development Co., Ltd.	ALLEN Y. WANG (shareholding ratio 10.51%), WANG, WKANG-HSIANG (shareholding ratio 25.64%), Wang Xu Xue'e (shareholding ratio 10.21%), WANG, SHARON (shareholding ratio 7.45%), Wang Yawei (shareholding ratio 7.45%), Wang Lichi (shareholding ratio 3.05%), Wang Yacheng (shareholding ratio 4.66%), Wang Yafeng (shareholding ratio 2.21%), Zhonghua Investment Co., Ltd. (shareholding ratio 14.78%), Sanya Investment Co., Ltd. (shareholding ratio 9.87%)
		Huazhu Engineering Co., Ltd.	Shanyuan Construction Co., Ltd. (shareholding ratio 100%)
		Sanya Investment Co., Ltd.	ALLEN Y. WANG (shareholding ratio 18.33%), WANG, WKANG-HSIANG (shareholding ratio 31.33%), Wang Xu Xue'e (shareholding ratio 31.33%), WANG, SHARON (shareholding ratio 7.61%), Wang Yawei (shareholding ratio 7.61%), Wang Lichi (shareholding ratio 0.95%), Wang Liqun (shareholding ratio 0.95%), Wang Liming (shareholding ratio 0.95%), Wang Liju (shareholding ratio 0.95%)

2024		2023	
Table 2: Major shareholders of those whose major shareholders are legal persons in Table 1 (top ten shareholders)		Table 2: Major shareholders of those whose major shareholders are legal persons in Table 1 (top ten shareholders)	
Legal person shareholder name	Major shareholders of company shareholders	Legal person shareholder name	Major shareholders of company shareholders
Sanya Investment Co., Ltd.	ALLEN Y. WANG (shareholding ratio 18.33%), WANG, WKANG-HSIANG (shareholding ratio 31.33%), Wang Xuxue (shareholding ratio 31.33%), WANG, SHARON (shareholding ratio 7.61%), Wang Yawei (shareholding ratio 7.61%), Wang Lichi (shareholding Ratio 7.61%), Wang Liqun (shareholding ratio 0.95%), Wang Liming (shareholding ratio 0.95%), Wang Liju (shareholding ratio 0.95%)	Shanyuan Construction Co., Ltd.	Shanyuan Investment Enterprise Co., Ltd. (shareholding ratio 31.74%), WANG, WKANG-HSIANG (shareholding ratio 15.06%), Sanya Investment Co., Ltd. (shareholding ratio 13.74%), Chen Yusheng (shareholding ratio 12.93%), Chen Wujingmei (shareholding ratio 8.89%), Wang Xu Xue'e (shareholding ratio 5.74%), Chen Qisheng (shareholding ratio 2.08%), Xu Nengci (shareholding ratio 1.81%), Chen Wenjuan (shareholding ratio 1.48%), Chen Wenjin (shareholding ratio 1.45%)
		Zhonghua Investment Co., Ltd.	ALLEN Y. WANG (shareholding ratio 20%), WANG, SHARON (shareholding ratio 22.2%), Wang Yawei (shareholding ratio 22.2%), Wang Lichi (shareholding ratio 10%), Wang Yafeng (shareholding ratio 2.8%), Wang Yacheng (shareholding ratio 2.8%), Wang Xuxue'e (shareholding ratio 10%), Sanya Investment (shareholding ratio 10%)
		Shanyuan Construction Co., Ltd.	Zhonghua Investment Co., Ltd. (shareholding ratio 9.59%), Sanya Investment Co., Ltd. (shareholding ratio 9.49%), Sanli Investment Co., Ltd. (shareholding ratio 9.39%), Rowda Capital Co. (shareholding ratio 8.70%), Xinqing Investment Development (shareholding ratio 8.51%), Shanyuan Investment Enterprise (shareholding ratio 8.30%), Chen Yusheng (shareholding ratio 7.87%), Chongli Investment Co., Ltd. (shareholding ratio 7.73%), Huazhu Engineering Co., Ltd. (shareholding ratio 6.98%), Wang Yacheng (shareholding ratio 2.86%)

Note: Directors were re-elected at the Shareholders Meeting on 2024.06.25.

(2) Diversity and Independence of the Shareholders' Meeting:

A. The Company shareholders' meeting have a diversity policy:

Specific management objectives of the diversity policy for the Company's board members:

The structure of the Company's Shareholders' meeting is based on the scale of the Company's business development and the shareholding status of its major shareholders, considering practical operational needs, and determining an appropriate number of Director seats, which is more than five. The composition of its board members, in addition to ensuring that Directors who also serve as company managers should not exceed one-third of the board seats, should generally possess the knowledge, skills, and literacy necessary to perform their duties. They should also establish an appropriate diversity policy based on their own operations, operational patterns, and development needs, which should include but is not limited to standards from the following two major aspects:

Basic conditions and values: gender, age, nationality, and culture, with the proportion of female directors ideally reaching one-third of the board seats.

Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industry experience, etc.

According to Article 20 of the Company's Corporate Governance Practice Principles, the composition of the board members should consider diversity and possess the necessary knowledge, skills, and literacy to perform their duties. To achieve the ideal objectives of corporate governance, the overall capabilities that the shareholders' meeting should possess are as follows:

- a. Operational judgment ability.
- b. Accounting and financial analysis capabilities.
- c. Operational management capability.
- d. Crisis management ability.
- e. Industry knowledge.
- f. International market perspective.
- g. Leadership ability.
- h. Decision-making ability.

B. Actual implementation situation:

The Company currently has a total of 8 Directors, including 4 Independent Directors, constituting 50% of all Directors; among them, 12.5% (1 Director) concurrently serves as a company manager. The Company also focuses on gender equality in the composition of the board. Currently, male members constitute 75% (6 members) of the board, and the proportion of female directors has reached 25% (2 members). Efforts will be made to increase female board seats to achieve the goal.

The criteria for the selection of board members should comprehensively consider an individual's professional knowledge, experience, business judgment, commitment to upholding the Company's core values, and reputation in ethical conduct and leadership. The diversity of the overall background of the board members should also be taken into account. The assessment of the diverse professional backgrounds that each Director of the Company should possess is shown in the table below. Each member, due to their rich academic and professional experience, is equipped with the relevant knowledge and skills required for decision-making execution. Therefore, in addition to having profound expertise in their own professional backgrounds, the Directors of the Company also possess a broad range of knowledge and abilities in other professional skills and areas.

Job title	Chairman	Director				Independent Director			
Name	WANG, WKANG-HSIANG	ALLEN Y. WANG	Lin Kunming	WANG, SHARON	Temporarily vacant	Dong Qingquan	Lu Xinghua	Li Shuping	Wei Yunting
Nationality	Republic of China								
Gender	Male	Male	Male	Female		Male	Male	Male	Female
Age	71-80	41-50	71-80	41-50		71-80	61-70	61-70	41-50
Concurrently an employee of the Company	✓			✓					
Number of Independent Directors concurrently serving as other public offering companies	None	None	1	2		1	0	None	None
Professional background	Construction engineering and operational management	Urban planning and operational management	Electrical engineering and operational management	Operational management		Operational management	Engineering applications and operational management	Operational management	Financial Accounting
Professional knowledge and skills									
Operational management	✓	✓	✓	✓		✓	✓	✓	✓
International market perspective.	✓	✓	✓	✓		✓	✓	✓	✓
Risk management	✓	✓	✓	✓		✓	✓	✓	✓
Accounting and financial analysis capabilities.	✓	✓	✓	✓		✓	✓	✓	✓
Industry knowledge.	✓	✓	✓	✓		✓	✓	✓	✓
Legal or corporate governance	✓	✓	✓	✓		✓	✓	✓	✓
Environmental sustainability	✓	✓	✓	✓		✓	✓	✓	✓
Leadership and decision-making ability.	✓	✓	✓	✓		✓	✓	✓	✓
Social Participation	✓	✓	✓	✓		✓	✓	✓	✓

C. Specific management objectives:

- a. The Company's Board of Directors guides corporate strategy, supervises management, and is accountable to the Company and its shareholders. Directors listen to reports from the management team at Board meetings, provide guidance and suggestions, and maintain good communication with the management team. The corporate governance system and various operations and arrangements are conducted in accordance with legal regulations, the Company's articles of association, or resolutions of the shareholders' meeting, all with the goal of creating the greatest benefits for shareholders.
- b. The Company emphasizes gender equality in the composition of the board, aiming for a ratio of directors of different genders to be at least one-third.
- c. The term of Independent Directors does not exceed 3 years.

D. Independence of the Shareholders' Meeting:

- a. Four Independent Directors (constituting 50% of all Directors) do not concurrently serve as Independent Directors of more than 3 other public offering companies. As of the end of 2021, all Independent Directors comply with the regulations regarding Independent Directors set by the Securities and Futures Bureau of the Financial Supervisory Commission.

Note: The Company's corporate director representative, Mr. Li Yanzhang, resigned on March 7, 2025. There should be nine positions, and one director position is temporarily vacant.

- b. One Director concurrently serving as a company manager, with the majority of Directors not holding the position of company manager.
- c. The company has received written confirmation from each Director regarding their independence and that of their immediate family members relative to the company. After confirmation, the Members of the board of The Company comply with the independence requirements of Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, which stipulate that at least one Director must not have a spousal or second-degree relative relationship with any other Director.

The general manager and the Chairman are first-degree relatives, hence one additional Independent Director position was added.

- d. The independence situation of the Independent Director complies with the following illustration:
 - (a) I, my spouse, and relatives within the second degree have not served as Directors of the Company or its affiliated companies or supervisor or employee.
 - (b) The person, spouse, and relatives within the second degree (or in the name of others) do not hold shares in the Company.
 - (c) Not serving as a Director, supervisor or employee who has a specific relationship with the Company.
 - (d) There has been no remuneration for providing business, legal, financial, accounting and other services to the Company or its affiliated companies in the last 2 years.

2. Information on the general manager, assistant general managers, deputy assistant general managers, and the chiefs of all the Company's divisions and branch units:

April 30, 2025

Job title	Nationality	Name	Gender	Election or appointment date	Hold shares		Shares held by spouse and minor children		Holding shares in the name of others		Main experience (education)	Date on which current position was assumed	Managers with a relationship within the spouse or within the second degree			Note
					Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Job title	Name	Relation	
General manager	Republic of China	WANG SHARON	Female	2014.03.10	4,807,472	8.29%	-	-	-	-	Master of Aoyama University, Japan National Taiwan University - Fudan EMBA Nomura Securities	<ul style="list-style-type: none"> ◆ As the Chairman: <ul style="list-style-type: none"> - Guoguang Motor Passenger Transport Co., Ltd. - Guoguang Investment Management Consulting Co., Ltd. - Guoguang Trading Co., Ltd. - Taiwan Smart Card Co., Ltd. - Videosoft Global Co., Ltd. - Jiuyuan Industrial Co., Ltd. - Diwei Modern Art Co., Ltd. - Shengxing Power Information Technology Co., Ltd. - Chengtai Electronics (Wujiang) Co., Ltd. ◆ As a Director: <ul style="list-style-type: none"> - Longjin Construction Co., Ltd. - Sanya Investment Co., Ltd. - Zhonghua Investment Co., Ltd. - Xinqing Investment Development Co., Ltd. - Rowda Capital Co. - Jingdian Investment Co., Ltd. - Xingxing Industrial Co., Ltd. - Lung Hwa Electronics Co., Ltd. - Xiutai Humanities Co., Ltd. - Sanyu Biotechnology Co., Ltd. - Shengyun Automobile Manufacturing Co., Ltd. - Shanyuan Construction Co., Ltd. - Baode Technology Co., Ltd. - Shanyuan Construction Co., Ltd. - Guoguang Wilo Holiday Travel Service Co., Ltd. - Emma Vehicle Materials Co., Ltd. - Fuhua Electronics Co., Ltd. - Fuhua Intelligent Co., Ltd. ◆ As a Supervisor: <ul style="list-style-type: none"> - Kangqi Technology Co., Ltd. - Sanli Investment Co., Ltd. - Shanyuan Venture Capital Co., Ltd. ◆ As a General Manager: <ul style="list-style-type: none"> - Sanyu Biotechnology Co., Ltd. - Chengtai Electronics (Wujiang) Co., Ltd. - Qingdao Liansheng Industrial Co., Ltd. ◆ As an Independent Director: <ul style="list-style-type: none"> - Elda Technology Co., Ltd. - Jialong Technology Engineering Co., Ltd. 	Chairman	WANG WKANG-HSIANG	Second degree relatives	The general manager and the Chairman are first-degree relatives, hence one additional Independent Director position was added.
COO				2023.11.13												
Accounting Supervisor Financial Supervisor	Republic of China	Chen Mengze	Male	2024.03.14	-	-	-	-	-	-	Bachelor Deloitte United Accounting Firm	-	-	-	-	-
Corporate Governance Supervisor	Republic of China	Chen Shuhua	Female	2025.05.13	-	-	-	-	-	-	Master Human Resources Manager of Lung Hwa Electronics Co., Ltd. Deputy Manager of the Finance Department of Lung Hwa Electronics Co., Ltd.	-	-	-	-	-

Additional instructions:

1. The general manager and the Chairman are first-degree relatives. Except for the personal education experience of the general manager that meets the Company's development needs, more than half of the Company's current Directors do not concurrently serve as public employees or managers.
2. On 2024/03/14, Accounting Supervisor Zheng Youzheng had a job change.
3. On 2024/03/14, Accounting Supervisor Chen Mengze had a job change.
4. Sun Daming, Product Director, resigned on 2024/04/09.
5. On 2024/05/14, Corporate Governance Supervisor Chen Yongxin had a job change.
6. On 2024/08/12, CFO Chen Yuzhu had a job change.
7. On 2024/08/12, Accounting Supervisor Chen Mengze had a job change to concurrently hold the position of Financial Supervisor.
8. On 2025/05/13, Corporate Governance Supervisor Chen Shuhua had a job change.

3. Remuneration paid during the most recent fiscal year to Directors, general manager, and assistant general managers:
1-1 Remuneration for Directors (including Independent Directors):

Unit: Thousands of New Taiwan Dollars

Job title	Name	Director's remuneration								The ratio of the total amount of items A, B, C, and D to net profit after tax (Note 1)		Part-time employees receive relevant remuneration								The ratio of the total of seven items including A, B, C, D, E, F and G to net profit after tax (Note)		Receipt of remuneration from the subsidiary's external investment enterprise or the parent company
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C)		Business Execution Expenses (D)				Salary, bonus and special expenses, etc. (E)		Retirement pension (F)		Employee Compensation (G)						
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	Cash bonus amount	Amount of stock bonus	Cash bonus amount	Amount of stock bonus	The Company	All companies in the financial report	
Chairman	WANG, WKANG-HSIANG	7	7	-	-	50	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Zhonghua Investment-Representative - Li Yanzhang	-	-	-	-	50	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director and General manager	Zhonghua Investment-Representative - WANG, SHARON	-	-	-	-	55	55	-	-	-	-	1,687	1,687	-	-	-	-	-	-	-	-	None
Director	Zhonghua Investment-Representative - ALLEN Y. WANG	-	-	-	-	50	50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Director	Zhonghua Investment-Representative - Lin Kunming	-	-	-	-	45	45	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Dong Qingquan	360	360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Wu Hengyi	180	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Wei Yunting	180	180	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Lu Xinghua	360	360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None
Independent Director	Li Shuping	360	360	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None

*In addition to the disclosure in the above table, the remuneration received by the Directors of the Company for providing services to all companies in the financial statements in the most recent year (such as serving as consultants who are not employees, etc.): Dong Qingquan, Wu Hengyi, and Wei Yunting, three Independent Directors who also serve as Remuneration Committee Members, each received a business execution fee of NT\$45 thousand.

Note 1: The net loss after tax in 2024 is NT\$187,104 thousand, so it is not applicable.

Note 2: The Audit Committee term ended on 2024/06/25 and was re-elected, with Wu Hengyi as the outgoing member and Wei Yunting as the new member.

Note 3: The Company's corporate director representative, Mr. Li Yanzhang, resigned on March 7, 2025, leaving one director position temporarily vacant. The above was his remuneration during his term in 2024.

1-2 Remuneration Grading Schedule

Payment of remuneration levels for each Director of the Company	Director name			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	The Company	All companies in the consolidated statement	The Company	All companies in the consolidated statement
Less than NT\$1,000,000	WANG, WKANG-HSIANG/Zhonghua Investment Co., Ltd.-Lin Kunming/Zhonghua Investment Co., Ltd.-ALLEN Y. WANG/Zhonghua Investment Co., Ltd.-WANG, SHARON/Zhonghua Investment Co., Ltd.-Li Yanzhang/Dong Qingquan/Wei Yunting/Lu Xinghua/Li Shuping	WANG, WKANG-HSIANG/Zhonghua Investment Co., Ltd.-Lin Kunming/Zhonghua Investment Co., Ltd.-ALLEN Y. WANG/Zhonghua Investment Co., Ltd.-WANG, SHARON/Zhonghua Investment Co., Ltd.-Li Yanzhang/Dong Qingquan/Wei Yunting/Lu Xinghua/Li Shuping	WANG, WKANG-HSIANG/Zhonghua Investment Co., Ltd.-Lin Kunming/Zhonghua Investment Co., Ltd.-ALLEN Y. WANG/Zhonghua Investment Co., Ltd.-Li Yanzhang/Dong Qingquan/Wei Yunting/Lu Xinghua/Li Shuping	WANG, WKANG-HSIANG/Zhonghua Investment Co., Ltd.-Lin Kunming/Zhonghua Investment Co., Ltd.-ALLEN Y. WANG/Zhonghua Investment Co., Ltd.-Li Yanzhang/Dong Qingquan/Wei Yunting/Lu Xinghua/Li Shuping
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-	Zhonghua Investment Co., Ltd.-WANG, SHARON	Zhonghua Investment Co., Ltd.-WANG, SHARON
NT\$2,000,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-	-	-
Total	9 people	9 people	9 people	9 people

Note: The Company's corporate director representative, Mr. Li Yanzhang, resigned on March 7, 2025, leaving one director position temporarily vacant. The above was his remuneration during his term in 2024.

2-1 Remuneration for general manager and deputy general manager

Unit: Thousands of New Taiwan Dollars

Job title	Name	Salary (A)		Retirement pension (B)		Bonus and Special expenses, etc.(C)		Amount of employee remuneration (D)				Proportion of the total of items A, B, C and D to net profit after tax (%) (Note)		Receipt of remuneration from the subsidiary's external investment enterprise or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash	Stock	Cash	Stock			
General Manager and CIO	WANG, SHARON	1,440	1,440	-	-	302	302	-	-	-	-	-	-	None

Note 1: The net loss after tax in 2024 is NT\$187,104 thousand, so it is not applicable.

2-2 Remuneration Grading Schedule

Pay the Company's general manager and deputy general manager remuneration grades	Number of general managers and deputy general managers	
	Total remuneration for the first <u>four</u> items (A+B+C+D)	
	The Company	All companies in the consolidated statement
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	WANG, SHARON	WANG, SHARON
NT\$2,000,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
Total	1 people	1 people

3-1 The remuneration of the top five highest-paid executives

Unit: Thousands of New Taiwan Dollars

Job title	Name	Salary (A)		Retirement pension (B)		Bonus and Special expenses, etc.(C)		Amount of employee remuneration (D)				Proportion of the total of items A, B, C and D to net profit after tax (%) (Note)		Receipt of remuneration from the subsidiary's external investment enterprise or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash	Stock	Cash	Stock			
General Manager and CIO	WANG, SHARON	1,440	1,440	-	-	302	302	-	-	-	-	-	-	None
Associate General Manager	Wen-Han Lin	1,220	1,220	-	-	187	187	-	-	-	-	-	-	None
Associate General Manager	Zhen He Shuo-Bin	1,197	1,197	-	-	187	187	-	-	-	-	-	-	None
Chief Financial Officer (CFO)	Chen Yu-Zhu	1,316	1,316	-	-	4	4	-	-	-	-	-	-	None
Senior Manager	Liao Tuo-Kai	1,125	1,125	-	-	182	182	-	-	-	-	-	-	None

Note 2: The net loss after tax in 2024 is NT\$187,104 thousand, so it is not applicable.

3-2 Remuneration Grading Schedule

Pay the Company's general manager and deputy general manager remuneration grades	Number of general managers and deputy general managers	
	Total remuneration for the first <u>four</u> items (A+B+C+D)	
	The Company	All companies in the consolidated statement
Less than NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	WANG, SHARON, Wen-Han Lin, Zhen He Shuo-Bin, Chen Yu-Zhu, Liao Tuo-Kai	WANG, SHARON, Wen-Han Lin, Zhen He Shuo-Bin, Chen Yu-Zhu, Liao Tuo-Kai
NT\$2,000,000 (inclusive) to NT\$5,000,000 (exclusive)	-	-
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) to NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) to NT\$30,000,000 (exclusive)	-	-

NT\$30,000,000 (inclusive) to NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) to NT\$100,000,000 (exclusive)	-	-
Total	5 people	5 people

4-1 The name of the manager who distributes employee remuneration and the distribution situation:

No employee remuneration has been distributed for 2024.

4. Separately compare and describe total remuneration, as a percentage of net income stated in the parent company only financial reports or individual financial reports, as paid by this company and by each other company included in the consolidated financial statements during the past 2 fiscal years to Directors, general managers, and assistant general managers, and analyze and describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure: The Company the remuneration standards paid in the last two years is handled in accordance with the relevant provisions of the Company's articles of association and personnel regulations.

(1) Last two years' analysis:

Unit: Thousands Dollars Thousands of New Taiwan Dollars

Job title	Proportion of total remuneration to after-tax net profit				Increase (decrease) ratio (Note)
	2024 (Note)		2023 (Note)		
	The Company	Consolidate all companies	The Company	Consolidate all companies	
Director	—	—	—	—	—
General Manager and Deputy General Manager	—	—	—	—	—

Note 1: The net loss after tax in 2024 is NT\$187,104 thousand, the net loss after tax in NT\$194,560 thousand, so it is not applicable.

Note 2: The Company did not pay Directors remuneration and employee remuneration in the last two years.

(2) Describe remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure

- A. The part of the Director's remuneration is handled in accordance with the provisions of Article 15-1 and Article 25 of the Company's "Articles of Association".
- B. The remuneration of the general manager and deputy general manager is determined and paid according to the degree of participation in the Company's operations, contribution, and reference to industry standards. In addition, the payment of bonuses depends on the amount of the Company's surplus, personal operating performance, and reference to industry standards. Order to pay.
- C. The remuneration of Directors, general manager and deputy general manager shall be submitted to the Remuneration Committee for discussion.

(II) The operation state of corporate governance:

1. The operations state of the Board of Directors:

(3) Information on the operation of the Board of Directors

Current session of the Board of Directors held 10 times board meetings in 2024. The attendance(column) of Directors was as follows

Job title	Name	Actual attendance times	Proxy attendance times	Actual attendance rate (%)	Note
Chairman	WANG, WKANG-HSIANG	10	0	100%	-
Director	Zhonghua Investment Co., Ltd. - Representative: ALLEN Y. WANG	9	1	90%	-
Director	Zhonghua Investment - Representative: Li Yanzhang	9	1	90%	-
Director	Zhonghua Investment Co., Ltd. - Representative: Lin Kunming	9	1	90%	-
Director	Zhonghua Investment Co., Ltd. - Representative: WANG, SHARON	10	0	100%	-
Independent Director	Dong Qingquan	10	0	100%	-
Independent Director	Wu Hengyi	5	0	100%	Term ends on 2024.06.25
Independent Director	Lu Xinghua	9	0	90%	-
Independent Director	Li Shuping	8	2	80%	
Independent Director	Wei Yunting	5	0	100%	2024.06.25 Election or appointment

Other matters to be recorded:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all Independent Directors' opinions and the Company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act: None

(2) Other matters involving objections or expressed reservations by Independent Directors that were recorded or stated in writing that require a resolution by the Board of Directors

Resolution matters: None

2. The implementation of Directors' recusal of interest-related proposals shall state the Director's name, content of the proposal, reasons for recusal of interests, and participation in the proposal and voting status: None.

3. Listed companies should disclose the evaluation cycle and period, evaluation scope, method and evaluation content of the Board of Directors' self (or peer) evaluation and other information, and fill in the second form (2) Board evaluation implementation status: None

4. The goals of strengthening the functions of the Board of Directors in the current year and the most recent year (such as setting up an audit committee, improving information transparency, etc.) evaluation of the current situation: On June 25, 2024, the Board of Directors re-elected WANG, WKANG-HSIANG as the Chairman.

(4) Implementation situation of Board of Directors Evaluation

Evaluation cycle	Evaluation period	Assessment scope	Evaluation method	Assessment content
Once a year	2024/01/01-2024/12/31	Board of Directors	Self- evaluation	The degree of participation in the Company's operations, the quality of board decision- making, the composition and structure of the Board of Directors, the selection and continuing education of Directors, and internal control System.
Once a year	2024/01/01-2024/12/31	Member of the board	Self- evaluation	Mastery of the Company's goals and tasks, awareness of Directors' responsibilities, degree of participation in company operations, internal relationship management and communication, Directors Professional and continuing education, internal control.
Once a year	2024/01/01-2024/12/31	Audit Committee	Self- evaluation	Participation in company operations, awareness of functional committee responsibilities, decision-making quality of functional committees, composition of functional committees And member election or appointment, internal control.
Once a year	2024/01/01-2024/12/31	Remuneration Committee	Self- evaluation	Participation in company operations, awareness of functional committee responsibilities, decision-making quality of functional committees, composition of functional committees And member election or appointment.

2024 performance appraisal results:

Assessment scope	Total score	Average score (Note 1)	Percentage (Note 2)	Performance evaluation
1. Board of Directors	225	206.50	91.78%	Good
2. Audit Committee	115	106.88	92.93%	Good
3. Remuneration Committee	110	103.75	94.32%	Good
4. Member of the board	95	88.67	93.33%	Good

Note 1: Score description: full score is 5 points, 1 point: very poor, 2 points: poor, 3 points: average, 4 points: excellent, 5 points: excellent.

Note 2: Scoring Criteria: A total score of 80% or above for each item is considered "Good," 60% or above but below 80% is "Passable," and below 60% is "Poor."

Summary: The overall evaluation results in 2024 are Good, which is enough to show that the Company continues to strengthen the functions of the Board of Directors and the operation of functional committees. We will continue to improve and protect shareholders' rights in the future to improve the effectiveness of corporate governance.

Suggestions for improvement and future improvement plans: Improve the items with low scores in the scoring results.

2. The operations state of the audit committee

Current audit committee held 8 times audit committee meetings in 2024, and the audit committee attendance is as follows:

Job title	Name	Actual attendance times	Actual attendance rate (%)	Note
Independent Director	Dong Qingquan	8	100%	-
Independent Director	Wu Hengyi	4	100%	Term ends on 2024.06.25
Independent Director	Lu Xinghua	8	100%	-
Independent Director	Li Shuping	6	75%	-
Independent Director	Wei Yunting	4	100%	Election or appointment on 2024.06.25

Other matters to be recorded:

1. Composition and duties of the Audit Committee:

(1) The communication between the audit committee and the Company's employees and shareholders:

When the audit committee deems it necessary, it may directly communicate and chat with employees and shareholders.

(2) The communication between the audit committee and the internal audit supervisor and accountants:

The audit supervisor report audit status to audit committee in the next month. The audit committee has no objection situation. After the quarterly review and audit was completed, the CPAs routinely communicate with the audit Committee members the review and audit opinions.

2. If the audit committee members attend the Board of Directors and expresses their opinions, it shall state the date, period, content of the proposal, the result of the resolution of the Board of Directors, and the Company's handling of the opinions of the audit committee: None.

3. The operation situation of corporate governance, any deviation and the reason from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies:

Evaluation items	Operating situation			Differences from the Governance Code of Practice for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
1. Has the Company formulated and disclosed the code of corporate governance practice in accordance with the "Code of Practice for Corporate Governance of TWSE/TPEx Companies"?		V	The Company has not yet formulated the [Practice Code of Corporate Governance for TWSE/TPEx Listed Companies], but the Company's management team uses this code as the basis for corporate governance operations.	The Company has not yet formulated the [Practice Code of Corporate Governance for TWSE/TPEx Listed Companies], but the Company's management team uses this code as the basis for corporate governance operations.
2. The Company's shareholding structure and shareholders' equity (1) Whether the Company has established internal operating procedures to deal with shareholders' suggestions and doubts, disputes and litigation matters, and implement them in accordance with the procedures? (2) Whether the Company has major shareholders and major shareholders who actually control the Company List of final controllers of the East? (3) Whether the Company establishes and implements risk control and Firewall mechanism? (4) Whether the Company has established internal regulations to prohibit company insiders from taking advantage of the market Buying and selling securities on the market without public information?		V	(1) The Company has not formulated internal operating procedures to deal with shareholder suggestions, doubts and disputes and litigation matters, but the Company has spokespersons and acting spokespersons to deal with shareholder suggestions or disputes of the merged company. (2) The Company keeps track of the list of major shareholders who actually control the merged company. (3) Effective risk management through internal control, internal audit and other related management control. (4) The Company has formulated management measures to prevent insider trading to prevent insider trading People use unpublished information in the market to buy and sell securities.	No significant differences
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors formulated a diversity policy for membership and implemented it?	V		(1) The Company forms the Board of Directors based on professional knowledge and skills, gender, age, nationality and culture.	No significant differences

Evaluation items	Operating situation			Differences from the Governance Code of Practice for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary description	
(2) Has the Company voluntarily set up various other functional committees besides the Remuneration Committee and the audit committee in accordance with the law?	V		(2) The Company set up Remuneration Committee according to laws.	
(3) Has the Company formulated the performance evaluation method and evaluation method of the Board of Directors, conducts performance evaluation every year and regularly, and submits the performance evaluation to the Board of Directors, and uses it as a reference for the salary of individual Directors and nomination for renewal?	V		(3) The Company has adopted the "Board of Directors Self-evaluation or Peer Evaluation Methods" on 2020/3/11, stipulating that the Board of Directors should conduct an internal board performance evaluation at least once a year, and the results of the Board of Directors' internal and external performance evaluations should be reported in the following year. It will be completed before the end of the first quarter, and the current year's performance evaluation will be carried out in accordance with the method's evaluation procedures and evaluation indicators. In the future, the results of the performance evaluation can be reported to the Board of Directors according to recommendations and used as a reference for individual Directors' remuneration and nomination for renewal. The Company has completed the 2024 self-evaluation of the performance of the Shareholders' meeting and Directors. The overall evaluation results are Good, which is enough to show that the Company continues to strengthen the functions of the Board of Directors and the operation of functional committees. We will continue to improve and protect shareholders' rights in the future to enhance the effectiveness of corporate governance.	
(4) Does the Company regularly evaluate the independence of the certified accountants?	V		(4) On March 11, 2025, the Company's Board of Directors approved the independence and competency of the 2025 CPAs based on the "Audit Quality Indicator Information Statement" provided by CPAs and CPAs independence statement. The Company's CPAs are Lin Boquan and Yang Huici of PWC United Accounting Firm. They are not related parties to the Company and are independent.	

Evaluation items	Operating situation			Differences from the Governance Code of Practice for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
4. Whether the TWSE/TPEX Listed company has a competent and appropriate number of corporate governance personnel, and designates a corporate governance supervisor to be responsible for corporate governance-related affairs (including but not limited to providing Directors and supervisors with information required to perform business, assisting Directors and supervisors to comply with Laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meetings according to law, making minutes of Board of Directors and shareholders' meetings, etc.)?	V		The deliberation unit designated by the Company's Board of Directors is the management department. The Company's Board of Directors approved the establishment of a corporate governance manager on May 11, 2023. The deliberation unit is responsible for handling matters requested by the Board of Directors and shareholders' meetings, assisting Directors and Independent Directors in complying with laws, handling company registration and change registration, and preparing the Board of Directors and shareholders. Meeting minutes and other matters shall be handled as quickly as possible on the principle of promptly and effectively assisting Directors in performing their duties.	No significant differences
5. Whether the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), set up a special area for stakeholders on the Company website, and properly responded to the important corporate social concerns of stakeholders Responsibility issue?	V		The Company has set up a stakeholder area on the Company's website in accordance with regulations and appropriately responded to important corporate social responsibility issues of concern to stakeholders.	No significant differences
6. Has the Company appointed a professional stock affairs agency to handle affairs of the shareholders meeting?	V		The Company's stock affairs operation committee is in charge of the stock affairs agency department of Yuanta Securities Co., Ltd.	No significant differences
7. Information Disclosure (1) Does the Company set up a website to disclose financial business and corporate governance information? (2) Does the Company adopt other methods of information disclosure (such as setting up an English website, appointing a special person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing the Company website during the legal person briefing session, etc.)?	V V		(1) Financial business and corporate governance information has been disclosed on the Company's website. (2) The Company reports various financial and business information on the public information observatory regularly and irregularly in accordance with regulations; it has dedicated personnel responsible for collecting and disclosing company information, and has established a spokesperson system.	No significant differences

Evaluation items	Operating situation			Differences from the Governance Code of Practice for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
(3) Does the Company announce and file the annual financial report within two months after the end of the fiscal year, and announce and file the first, second and third quarter financial reports and the operating conditions of each month before the prescribed deadline?		V	(3) The Company's Board of Directors approved the 2024 annual financial report on March 11, 2025, and announced and reported quarterly financial reports and monthly operations before the deadline specified by the competent authority.	
8. Whether the Company has important information that is helpful to understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of interested parties, training of Directors and supervisors, The implementation of risk management policies and risk measurement standards, the implementation of customer policies, the Company's purchase of liability insurance for Directors and supervisors, etc.)?	V		<p>1. Employee rights and employee care: In addition to handling employee rights and interests in accordance with the Labor Standards Law and relevant laws, establishing an employee welfare committee, and implementing a pension system, the Company also encourages employees to participate in various training courses and technical seminars at home and abroad, plans employee group insurance, attaches great importance to labor relations, and provides Equal Employment Opportunity.</p> <p>2. Investor relations, supplier relations, rights of interested parties: The Company's website has a special area for investors (please refer to the Company's website: Investor relations, supplier relations, rights of interested parties: The Company's website has a special area for investors (please refer to the Company's website: https://www.lunghwa.com.tw/investor), and provides the contact number and email address of the dedicated staff for handling shareholder issues in order to handle shareholders' suggestions, questions and Disputes. The Company has smooth communication channels with investors, suppliers, customers and consumers, and is able to maintain good interactive relationships, adhere to the principle of integrity, and implement them in accordance with the Company's internal control system and management methods.</p>	No significant differences

Evaluation items	Operating situation			Differences from the Governance Code of Practice for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
			<p>3. Directors training situation: The Directors of the Company have studied finance, business, business, legal and accounting courses covering corporate governance topics in 2024. The Independent Directors also study legal, financial or accounting professional knowledge for more than six hours every year, which has been disclosed in "Public Information Observation" Corporate Governance Zone of the website.</p> <p>4. Implementation situation of risk management policies and risk measurement standards: The Company has formulated various internal management regulations and risk management policies in accordance with the law, and the internal audit unit regularly or irregularly performs various risk management, assessment and inspections in accordance with the regulations.</p> <p>5. Implementation situation of customer policies: The Company has established customer policies and customer complaint procedures, and has dedicated personnel to maintain regular contact with customers. In response to customer complaints, we will properly identify the problem and the attribution of responsibility, take prompt and effective countermeasures, and propose preventive improvements. Measures should be taken to prevent recurrence and ensure the best interests of both parties through good negotiation and communication channels.</p> <p>6. The Company purchase liability insurance for Directors and supervisors and its social responsibilities: The Company has purchased US\$1 million liability insurance for Directors to strengthen the protection of shareholders' rights and interests.</p>	

Evaluation items	Operating situation			Differences from the Governance Code of Practice for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
9.			<p>Explain the improvement in the corporate governance evaluation results released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in the most recent year, and propose priority enhancement matters and measures for those that have not yet been improved.</p> <p>Explanation: The 2023 corporate governance evaluation of listed and OTC companies has 7 levels in the evaluation system. The Company's 2024 evaluation results are 81% ~ 100% at the 7th level; the Company has been in accordance with the regulations of the stock exchange. The Company has completed the corporate governance self-assessment work. The assessment items have been in compliance with legal requirements as much as possible, and the voluntary announcement items are still being improved step by step.</p> <p>(1) Improvement items compared to the previous year are as follows: None.</p> <p>(2) The priority enhancement projects for corporate governance assessment in the 2024 are as follows: Put the corporate governance assessment indicator items on the official website.</p>	

4. The Composition, Responsibilities and Operation situation of the Remuneration Committee

(1) Members Information of the Remuneration Committee

Identity (Note 1)	Condition Name	More than five years of work experience And the following professional qualifications			Comply with the independent (Note 2)								The number of members of the Remuneration Committee of other publicly issued companies	Note
		Lecturer or above in public and private colleges and universities with relevant materials required for business, legal affairs, finance, accounting or company business	Judges, prosecutors, lawyers, accountants or other professional and technical personnel who have passed the national examinations required by the Company's business and obtained certificates	Work experience required in business, legal, finance, accounting or corporate business	1	2	3	4	5	6	7	8		
Independent Director	Wu Hengyi	V	V	V	V	V	V	V	V	V	V	V	0	
Independent Director	Dong Qingquan			V	V	V	V	V	V	V	V	V	1	
Independent Director	Wei Yunting			V	V	V	V	V	V	V	V	V	0	

Note 1: Please fill in the identity as Director, Independent Director or others.

Note 2: If each member meets the following conditions in the two years before the election and during the term of office, please tick "✓" in the space below each condition code.

- (1) Not an employee of the Company or its affiliated enterprises.
- (2) Not a Director or supervisor of a company or its affiliated enterprises. However, this does not apply to those who are Independent Directors established by the Company or its parent company or subsidiary company in accordance with this Act or the laws of the local country.
- (3) Natural person shareholders who are not themselves and their spouses, minor children, or others who hold more than 1% of the Company's total issued shares or hold the top ten shares.
- (4) Spouses, relatives within the second degree of kinship, or direct blood relatives within the third degree of kinship of persons not listed in the preceding three paragraphs.
- (5) Directors, supervisors or employees of legal person shareholders who do not directly hold more than 5% of the Company's total issued shares, or Directors, supervisors or employees of the top five legal person shareholders.
- (6) Directors (Directors), supervisors (supervisors), managers, or shareholders holding more than 5% of the shares of specific companies or institutions that have financial or business relations with the Company.
- (7) Non-professionals, sole proprietorships, partnerships, business owners, partners, Directors (councilors), supervisors (supervisors), managers of companies or institutions that provide business, legal, financial, accounting and other services or consultations for the Company or its affiliated companies and their spouse.
- (8) None of the circumstances specified in Article 30 of the Company Act.

(2) Operation Information of the Remuneration Committee

A. The Remuneration Committee of the Company consist of three members.

B. The term of office of the current committee members: June 25, 2024 to June 26, 2027.

The most recent year, Remuneration Committee has 2 times meetings (A), and the qualifications and attendance of the committee members are as follows:

Job title	Name	Actual number of attendance (B)	Entrusted Attendance	Actual attendance rate (%) (B/A)	Note
Convener	Wu Hengyi	2	0	100%	
Member	Dong Qingquan	2	0	100%	
Member	Wei Yunting	2	0	100%	

Other matters to be recorded:

1. If the Board of Directors does not adopt or amend the suggestion of the salary and Remuneration Committee, it shall state the date, period, content of the proposal, the result of the resolution of the Board of Directors, and the Company's handling of the opinions of the salary and Remuneration Committee (for example, the salary and compensation passed by the Board of Directors is better than the recommendation of the salary and Remuneration Committee), should describe the differences and reasons: None
2. For the resolutions of the salary and Remuneration Committee, if members have objections or reservations and there are records or written statements, the date, period, content of the proposal, all members' opinions and the handling of members' opinions should be stated: None

Date of the Remuneration Committee	Term (times)	Content of the proposal	Resolution results	Content of objections or reservations or major suggestions from Remuneration Committee Members.	The Company's handling of the opinions of the Remuneration Committee
2024/12/24	The third time in 2024.	<ol style="list-style-type: none"> 1. Approved the appointment of the Company's new Corporate Governance Supervisor. 2. Review policies, systems, standards and structures for performance evaluation and remuneration of Directors and managers. 3. The principles for distributing the 2024 year-end bonuses to managers. 4. The salary ratification case for the Financial Supervisor and the Acting Spokesperson. 	All attending members agreed without objection.	None	None
2025/05/13	The first time in 2025.	<ol style="list-style-type: none"> 1. The principles for distributing the Dragon Boat Festival bonuses for 2025 and the amounts distributed to managers. 2. Appointed Ms. Chen Shuhua as the Corporate Governance Supervisor. 3. Appointed Ms. Wang Yian as the Audit Supervisor. 4. Appointed Ms. Chen Yongxin as the Acting Audit Agent. 5. Appointed Mr. Lu Zherui as the Financial Supervisor. 6. Added the Company's Employee Compensation Management Measures. 7. Revised some provisions of the Company's Employee Attendance Management Measures. 	All attending members agreed without objection.	None	None

5. The state of the Company's promotion of sustainable development, any deviation and reasons from the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies:

Promotion item	Implementation situation (Note 1)			Differences from the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the Board of Directors authorized senior management to handle related matters under the supervision of the board?	V		<ol style="list-style-type: none"> 1. In response to international sustainable development trends, The Company aims to build a competitive advantage based on sustainable development. Therefore, while pursuing sustainable operations and profits, it also considers environmental, social, and corporate governance aspects, incorporating them into the company's management policies and business activities. 2. The Company will establish the "Sustainable Development Office" in December 2024, dedicated to formulating sustainable strategies and goals, and promoting ESG-related business. 3. Key initiatives for 2024: initiate the greenhouse gas audit and conduct ISO14064-1 training courses. 4. The company presents a report to the Board of Directors at least once a year. The management must propose the company's strategy to the Board of Directors, which is responsible for carefully evaluating its feasibility and potential risks. Additionally, the Board periodically reviews the implementation progress and, if necessary, urges the management team to adjust the strategy. The execution results for the 2024 annual year are expected to be reported at the Board of Directors meeting in August 2025. 	No significant differences

<p>2. Does the Company conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2)</p>	<p>V</p>	<p>1. This disclosure covers the company's sustainable performance at major sites from January 2024 to December 2024. The boundary of risk assessment primarily focuses on the parent company.</p> <p>2. The Sustainability Office conducts analysis based on the principle of materiality outlined in the sustainability report, communicates with internal and external stakeholders, and evaluates significant ESG issues through reviewing domestic and international research reports, literature, and integrating evaluation data from various departments. Based on this, it formulates Risk management policies for effective identification, measurement, assessment, supervision, and control, and implements concrete action plans to mitigate the impact of related risks.</p> <p>3. Based on the assessed risks, the relevant risk management policies or strategies are formulated as follows:</p> <table border="1" data-bbox="927 544 1861 1461"> <thead> <tr> <th data-bbox="927 544 1104 628">Major issues</th> <th data-bbox="1104 544 1305 628">Illustration of risk evaluation items</th> <th data-bbox="1305 544 1861 628">Illustrate</th> </tr> </thead> <tbody> <tr> <td data-bbox="927 628 1104 1074">Sustainable environment</td> <td data-bbox="1104 628 1305 1074">Sustainable supply chain</td> <td data-bbox="1305 628 1861 1074"> <ol style="list-style-type: none"> Supply chain disruptions: Regularly conduct risk assessments, identify vulnerabilities in the supply chain, and update relevant contingency plans. Ensure supplier diversification to reduce dependency on a single supplier. Establish emergency stock to ensure sufficient resources during short-term disruptions. Due diligence to ensure supply chain quality. Choose suppliers that have obtained international certifications, such as ISO 9001 and SA8000. Conduct a comprehensive investigation of the supplier's financial stability, social responsibility compliance, and environmental performance. Establish stable partnerships with excellent suppliers to jointly advance sustainable goals. </td> </tr> <tr> <td data-bbox="927 1074 1104 1461"></td> <td data-bbox="1104 1074 1305 1461">Greenhouse gas emissions</td> <td data-bbox="1305 1074 1861 1461"> <ol style="list-style-type: none"> Increase in carbon emissions Promote low-carbon work methods and encourage all employees to participate in energy conservation and carbon reduction. Greenhouse gas inventory manpower/money Establish unified data collection and analysis standards to simplify the inventory process. Conduct the inventory in phases according to the company's needs to alleviate initial financial pressure. Unable to effectively reduce quantity Promote data sharing and coordination of reduction actions between departments to enhance overall efficiency. </td> </tr> </tbody> </table>	Major issues	Illustration of risk evaluation items	Illustrate	Sustainable environment	Sustainable supply chain	<ol style="list-style-type: none"> Supply chain disruptions: Regularly conduct risk assessments, identify vulnerabilities in the supply chain, and update relevant contingency plans. Ensure supplier diversification to reduce dependency on a single supplier. Establish emergency stock to ensure sufficient resources during short-term disruptions. Due diligence to ensure supply chain quality. Choose suppliers that have obtained international certifications, such as ISO 9001 and SA8000. Conduct a comprehensive investigation of the supplier's financial stability, social responsibility compliance, and environmental performance. Establish stable partnerships with excellent suppliers to jointly advance sustainable goals. 		Greenhouse gas emissions	<ol style="list-style-type: none"> Increase in carbon emissions Promote low-carbon work methods and encourage all employees to participate in energy conservation and carbon reduction. Greenhouse gas inventory manpower/money Establish unified data collection and analysis standards to simplify the inventory process. Conduct the inventory in phases according to the company's needs to alleviate initial financial pressure. Unable to effectively reduce quantity Promote data sharing and coordination of reduction actions between departments to enhance overall efficiency. 	<p>No significant differences</p>
Major issues	Illustration of risk evaluation items	Illustrate										
Sustainable environment	Sustainable supply chain	<ol style="list-style-type: none"> Supply chain disruptions: Regularly conduct risk assessments, identify vulnerabilities in the supply chain, and update relevant contingency plans. Ensure supplier diversification to reduce dependency on a single supplier. Establish emergency stock to ensure sufficient resources during short-term disruptions. Due diligence to ensure supply chain quality. Choose suppliers that have obtained international certifications, such as ISO 9001 and SA8000. Conduct a comprehensive investigation of the supplier's financial stability, social responsibility compliance, and environmental performance. Establish stable partnerships with excellent suppliers to jointly advance sustainable goals. 										
	Greenhouse gas emissions	<ol style="list-style-type: none"> Increase in carbon emissions Promote low-carbon work methods and encourage all employees to participate in energy conservation and carbon reduction. Greenhouse gas inventory manpower/money Establish unified data collection and analysis standards to simplify the inventory process. Conduct the inventory in phases according to the company's needs to alleviate initial financial pressure. Unable to effectively reduce quantity Promote data sharing and coordination of reduction actions between departments to enhance overall efficiency. 										

					4. Carbon fee Understand and respond early to potential carbon fee adjustment policies.		
			Social	Talent development	<ol style="list-style-type: none"> 1. Employee turnover in the Company Regularly reference market compensation levels to offer attractive salaries and benefits, enhancing employee satisfaction. Create a corporate culture that cares for employees and encourages innovation to enhance employees' sense of identity with the company. Analyze the reasons for turnover to identify areas for improvement in order to reduce employee turnover in the Company in the future. Set different access permissions according to job roles to prevent unauthorized personnel from accessing sensitive data. 2. Insufficient training resources Encourage cross-departmental sharing of training results and experiences to enhance resource utilization efficiency. 3. Related technologies cannot be passed on. Organize technical expertise into operation manuals or standard procedures to ensure consistency and learnability. Pair senior employees with newcomers for on-the-job technical instruction and experience sharing. Encourage inter-departmental sharing of new technology applications and practical experiences. 		
				Information security	<ol style="list-style-type: none"> 1. Customer privacy Require all partners who have access to customer technical information to sign a confidentiality agreement. 2. Product technology/confidentiality Use a firewall to enhance data protection. 3. Requirements of information security-related regulations. Regularly review the company's internal data processing procedures to ensure compliance with the latest regulatory requirements. Implement and adhere to the ISO 27001 information security management framework. Enhance employees' understanding of information security regulations to ensure the implementation of compliance requirements at the operational level. 		

				Corporate governance/Operational performance	<p>Operational performance</p> <ol style="list-style-type: none"> 1. Revenue decline Enter different markets or customer segments (such as small and medium-sized enterprises or emerging markets) to reduce dependency on a single customer base. Develop new products or services, especially high-margin value-added services, to enhance revenue stability. 2. Market expansion is not going smoothly. Continuously conduct analysis of target market needs, competition, and trends to ensure that the entry strategy aligns with market realities. Adjust the features of products or services based on market feedback to meet local demands. 3. Failure in investing in new technology Sign trial agreements with technology suppliers or partners to mitigate risks before full deployment. Regularly track industry technology trends to ensure that the company's investment direction aligns with market demand. 	
				Customer relations	<ol style="list-style-type: none"> 1. Customer attrition 2. Customer satisfaction has declined. 3. The proportion of customer complaints has increased. <p>Establish a customer-centric corporate culture. Internal Education: Foster a customer-oriented mindset among employees, ensuring that all departments prioritize customer needs and feedback. Cross-department collaboration: Promote cooperation among sales, customer service, technical support, and other departments to ensure a consistent overall customer experience. Long-term Relation Building Implement the "lifetime value" concept, shifting from short-term transactions to long-term cooperation to provide continuous value and strengthen customer relations.</p>	

Promotion item	Implementation situation (Note 1)			Differences from the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
3. Environmental Issues				
(1) Has the Company established a suitable environmental management system according to its industrial characteristics?	V		(1) The Company has established a code of practice for sustainable development, describing how to effectively implement environmental management.	No significant differences
(2) Whether the Company is committed to improving the utilization efficiency of various resources and using environmentally friendly Recycled materials with low environmental load impact?	V		(2) The Company's industry type is technology research and development and technical services, and its products and services are low-carbon and low-waste. The Company actively promotes various energy reduction measures, selects high-energy-efficiency equipment, and gradually replaces equipment with high-energy efficiency and energy-saving designs, reducing energy consumption of enterprises and products.	
(3) Does the Company assess the current and future potential risks of climate change? Opportunities and responses to climate-related issues?	V		(3) The Company uses the document management system to fully e-standardized documents and reduce the amount of paper used; it cooperates with policies and the building management committee to carry out garbage classification, recycling and reduction, and summer air conditioning temperature control to reduce the impact of operations on the natural environment.	
(4) Has the Company made statistics on greenhouse gas emissions, water consumption and waste in the past two years? Total weight of objects, and formulate energy saving and carbon reduction, greenhouse gas reduction, and water reduction or other waste management policies?	V		(4) The Company is in the process of scheduling and managing.	

Promotion item	Implementation situation (Note 1)			Differences from the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
4. Social Issues				
(1) Has the Company established relevant management policies and procedures in accordance with relevant laws and international human rights conventions?	V		(1) The Company attaches great importance to the implementation of human rights, practices labor policies and its spirit with a fair and respectful attitude, establishes a culture of equality, tolerance and open communication, creates a working environment that protects human rights, and ensures that the relevant spirit is internalized into the work of employees and corporate culture. In addition to complying with national laws and regulations to protect labor, we also respect the human rights of employees, including gender equality, prohibiting any form of discrimination, forced labor, and avoiding high working hours. The Company will not tolerate any harassment, discrimination or employment laws violations.	No significant differences
(2) Does the Company formulate and implement reasonable employee welfare measures (including salary, vacation, and other benefits, etc.), and properly reflect business performance or results in employee compensation?	V		(2) The Company formulates and implements reasonable employee welfare measures in accordance with the Labor Standards Act and relevant laws, including salary, vacation and other benefits as follows: A. Dragon Boat Festival, Mid-Autumn Festival, birthdays, weddings and birth gifts B. Provide health examinations. C. Group insurance. D. Travel subsidy program.	No significant differences.

Promotion item	Implementation situation (Note 1)			Differences from the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
(3) Does the Company provide employees with a safe and healthy working environment, and provide employees with regular safety and health education?	V		(3) The Company has passed ISO 27001 occupational safety and health management system certification, provides a safe and hygienic working environment that complies with legal requirements, and regularly organizes labor safety and health education training and preventive training in accordance with legal requirements.	No significant differences
(4) Has the Company established an effective career development training plan for employees?	V		(4) In order to encourage employees to further their studies without affecting the Company's business, and to cultivate outstanding management and professional talents, the Company provide diversified learning channels to promote the exchange of management and professional experience between colleagues and other companies, while encouraging employees to enrich themselves.	No significant differences
(5) Has the Company complied with relevant laws and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and has formulated relevant consumer protection policies and complaint procedures?	V		(5) The Company's marketing and labeling of products and services follows relevant laws and regulations and does not deceive, mislead, or otherwise conceal the rights and interests of consumers. The Company also formulates customer complaint management measures and establishes a customer-oriented quality system. In addition, the Company attaches great importance to customer opinions and has set up a stakeholder area https://www.lunghwa.com.tw/investor on the Company website to provide contact windows and methods for questions, complaints or suggestions to protect the rights and interests of customers.	No significant differences
(6) Has the Company formulated a supplier management policy that requires suppliers to comply with relevant norms on issues such as environmental protection, occupational safety and health, or labor rights, and how they are implemented ?	V		(6) <ul style="list-style-type: none"> A. Supplier management policy: The primary considerations are stable quality, delivery time, supply stability, and long-term cooperation willingness. B. Require suppliers to promise that any activities they carry out comply with relevant laws and ethical principles. 	No significant differences

Promotion item	Implementation situation (Note 1)			Differences from the Sustainable Development Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary description	
5. Does the Company refer to internationally accepted reporting standards or guidelines to prepare sustainability reports and other reports that disclose the Company's non-financial information? Has the previous report obtained the confidence or assurance opinion of a third-party verification unit?		V	The Company has not yet prepared a sustainability report. In addition to actively developing a sustainable environment and safeguarding social welfare, it will comply with relevant laws and regulations in the future.	The future depends on Legal processing Legal processing
6. If the Company has its own sustainable development code based on the "Code of Practice for Sustainable Development of Listed Overseas Companies", please describe its operation. Differences from the stipulated code: The Company established the "Code of Practice for Sustainable Development" on December 24, 2024, with the goal of practicing corporate social responsibility and promoting economic, environmental, and social progress to achieve sustainable development.				
7. Other important information that helps to understand the operation of corporate social responsibility: None				

Note 1: If you check "Yes" for implementation status, please describe the specific important policies, strategies, measures and implementation status adopted.

If you check "No" for the implementation status, please explain the differences and reasons in the "Differences and Reasons from the Code of Practice for Sustainable Development of Listed Companies" in the column, and explain your plans to adopt relevant policies, strategies and measures in the future.

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

6. Implementation situation of climate-related information

Item	Implementation situation
<p>1. Describe the oversight and governance of climate-related risks and opportunities by the Board of Directors and the management team.</p> <p>2. Describe how the identified climate risks and opportunities impact the business, strategy, and financials of the enterprise in the short, medium, and long term.</p> <p>3. Describe the impact of extreme climate events and transition actions on financials.</p>	<p>1. Submit greenhouse gas inventory and verification schedule reports at the Board of Directors meeting on 2024.03.14, and the responsible unit is steadily following the schedule.</p> <p>2.</p> <p>(1) Identified climate risks and opportunities</p> <p>A. Extreme weather (e.g., Strong winds and thunderstorms) may cause launch delays or interruptions, and even damage the operation of satellites.</p> <p>B. Climate change may alter the structure of the Earth's atmosphere, thereby affecting the propagation of satellite signals. Reducing communication quality, especially in high-frequency communication, may affect the quality of service for users.</p> <p>C. Rising sea levels may affect the safety of satellite communication ground station facilities.</p> <p>D. As climate change may bring more disaster risks.</p> <p>(2) Impact on business, strategy, and financials of the enterprise.</p> <p>A. Extreme weather events (such as storms, thunderstorms, etc.) may directly impact satellite launches and operations, causing service interruptions or delays, affecting customer satisfaction and trust, and thereby adversely impacting business.</p> <p>B. In the future, it may strengthen disaster response capabilities to ensure the provision of reliable services even during extreme weather events.</p> <p>C. In response to climate change, which may increase operational costs and risks.</p> <p>3.</p> <p>(1) Short-term impact on financials: Due to the frequent occurrence of extreme weather, additional investment may be needed to enhance the protection of satellite communication facilities and base stations. This will increase capital expenditure and may affect cash flow.</p> <p>(2) Medium-term impact on financials: The company's revenue growth may stem from the demand for climate change data (e.g., climate monitoring).</p>

<p>4. Describe how the processes for identifying, assessing, and managing climate risks are integrated into the overall risk management system.</p> <p>5. If scenario analysis is used to assess resilience to climate change risks, illustrate the scenarios, parameters, assumptions, analytical factors, and key financial impacts used.</p> <p>6. If there are transition plans to manage climate-related risks, illustrate the content of the plan, and the metrics and targets used to identify and manage physical risks and transition risks.</p> <p>7. If internal carbon pricing is used as a planning tool, the basis for pricing formulation should be illustrated.</p>	<p>(3) Long-term impact on financials: In the future, their business model could potentially shift towards a greener and more sustainable direction, focusing on the research and development of environmentally-friendly satellites and low-carbon technologies. Companies that perform exceptionally well in ESG (Environmental, Social, and Governance) aspects will attract more institutional investors and may receive government subsidies or incentives.</p> <p>4. Understand the potential impact of risks on the enterprise and discuss with various departments the key points of the risks, as well as the specific impact of climate risks on business operations, revenue, capital expenditure, etc. Including the impact of extreme weather on satellite operations and damage to ground facilities due to climate change. If the impact of climate change is assessed to be significant, a relevant climate risk response plan and contingency plan should be established to ensure that the company can respond quickly and implement response strategies when facing climate-related risks.</p> <p>5. Not applicable.</p> <p>6. The Company evaluates human-machine materials and has not identified any significant related risks or increased operational costs. Up to now, there have been no transition plans to manage climate-related risks.</p> <p>7. Internal carbon pricing has not been used as a planning tool so far.</p>
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<p>8. If climate-related targets are set, illustrate the activities covered, the scope of greenhouse gas emissions, the planning period, annual progress, and other related information. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve relevant targets, illustrate the source and quantity of the carbon offset credits and the quantity of Renewable Energy Certificates (RECs).</p>	<p>8. Submit the Greenhouse gas audit and verification schedule report.</p>		
<p>9. Greenhouse gas inventory and assurance situation, along with reduction targets, strategies, and specific action plans (to be filled separately in 1-1 and 1-2).</p>	<p>9. Please provide the following illustration.</p>		
	<p>Work item</p>	<p>Parent company's estimated completion time</p>	<p>The subsidiary's estimated completion time</p>
	<p>Establish dedicated (or concurrent) units, the number of dedicated (or concurrent) personnel, and their scope of responsibilities.</p>	<p>June 2026</p>	<p>June 2027</p>
	<p>Inventory completion date (the Year before)</p>	<p>December 2026</p>	<p>December 2027</p>
	<p>Verification completion date (the Year before)</p>	<p>December 2028</p>	<p>December 2029</p>

1-1 The situation of the company's greenhouse gas inventory and assurance in the past two years.

1-1-1 Greenhouse gas inventory information

State the greenhouse gas emissions (metric tons of CO₂e), intensity (metric tons of CO₂e per million), and data coverage for the most recent two years.

2024 Quantification of Emission Quantity

Categories of Emission Sources One to Six		Emission quantity	Intensity
Category 1	Mobile combustion	7.0487	0.1585
	emission	0.5566	0.0125
Category 2	Purchased power	73.8898	1.6618
Total		81.4951	1.8328

The operating income for the year 2024 is NT\$44.463 million.

1-1-2 Information on Greenhouse Gas Assurance

Illustrate the assurance situation for the most recent two years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinions.

The internal verification work has been completed, with a total of 0 deficiencies and 0 recommendations found. The external verification is expected to be completed in 2028.

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

State the baseline year and data for greenhouse gas reduction, reduction targets, strategies, and specific action plans, as well as the achievement of reduction targets.

1. Baseline year and its data: The baseline year is 2024, and the relevant data should refer to the data of 1-1-1.
2. Reduction targets: In the future, environmentally friendly refrigerants can be substituted, the efficiency of facilities and equipment can be improved, and the reduction of electricity usage can be evaluated.
3. Action plan: Approved the 2025 concrete implementation plan for sustainable development by the shareholders' meeting.

7. The performance of integrity business operations and the differences and reasons from the code of integrity business operations of listed companies

Evaluation items	Operating situation			Situation and reasons for the differences with the Code of Integrity Management of listed OTC companies
	Yes	No	Summary description	
<p>1. Formulate integrity management policies and plans</p> <p>(1) Has the Company formulated an honest management policy approved by the Board of Directors, and clearly stated the policies and practices for honest management in its regulations and external documents, as well as the commitment of the Board of Directors and senior management to actively implement the operating policy?</p> <p>(2) Whether the Company has established an assessment mechanism for the risk of dishonest behavior, regularly analyzes and evaluates business activities with higher risks of dishonest behavior within the business scope, and formulates plans to prevent dishonest behavior accordingly, and at least covers "listing on the OTC market" What are the preventive measures for the behaviors in Paragraph 2 of Article 7 of the "Company Code of Integrity Management"?</p> <p>(3) Does the Company clearly define operating procedures, behavioral guidelines, disciplinary and complaint systems for violations in the plan to prevent dishonest behavior, implement them, and regularly review and amend the plan?</p>	V		<p>(1) The Company has established an integrity management code, and it has an internal control system and various management measures to maintain the Company's honest management policy. The Company's philosophy of honest management is always promoted during company discussions. The Company's board of directors and all employees have jointly signed the statement of compliance with the integrity management policy in 2025, and are committed to actively implementing the operating policy in the future.</p> <p>(2) The Company has established an integrity management code, and there is an internal punishment and complaint system for violations.</p> <p>(3) The Company has established the integrity management operating procedures, behavioral guidelines, and a whistleblowing implementation system. There is an internal punishment and complaint system for violations, and an appropriate reporting system and submission channel have been set up. Relevant reports and handling records are treated as confidential information, and the Company fulfills its confidentiality responsibilities.</p>	No significant differences

Evaluation items	Operating situation			Situation and reasons for the differences with the Code of Integrity Management of listed OTC companies
	Yes	No	Summary description	
2. Implement integrity management				
(1) Does the Company assess the integrity records of its counterparties, and specify the terms of honest behavior in the contracts signed with its dealing partners?	V		(1) The Company avoids transactions with those with records of dishonest behavior and clearly stipulates honest behavior clauses in business contracts. All important legal documents of the Company must be reviewed by legal personnel or legal consultants, who will provide professional opinions and suggestions.	No significant differences
(2) Has the Company set up a dedicated unit to promote corporate integrity management under the Board of Directors, and report its implementation to the Board of Directors on a regular basis (at least once a year)?	V		(2) The Company designates the management department as the dedicated unit to handle the formulation, revision, implementation, interpretation, consulting services, registration and filing of notification content and other related operations and implementation of these operating procedures and behavioral guidelines. It is supervised by the auditing unit. The Company's auditing unit is independent as a department under the Board of Directors, the Audit Office regularly checks compliance with the implementation of integrity management and is responsible for monitoring various operations and preparing audit reports to submit to the Board of Directors.	
(3) Does the Company formulate policies to prevent conflicts of interest, provide appropriate channels for statements, and implement them?	V		(3) The Company formulates policies to prevent conflicts of interest and provides appropriate channels for reporting, reporting, and appeals. The responsible unit is the management department.	
(4) Whether the Company has established an effective accounting system and internal control system in order to implement honest management, and the internal audit unit draws up relevant audit plans based on the assessment results of dishonesty risks and checks the plan for preventing dishonesty. Follow the situation, or commission an accountant to perform the check?	V		(4) The Company advocates that all business activities should avoid violations of integrity. In order to implement honest operations, all operations must comply with the accounting system, internal control system and related policies. Regular inspections by internal auditors have not found any violations of integrity.	

Evaluation items	Operating situation			Situation and reasons for the differences with the Code of Integrity Management of listed OTC companies
	Yes	No	Summary description	
(5) Does the Company hold regular internal and external education and training on integrity management?	V		(5) The Company regularly promotes the Company's policy of honest management in internal meetings, promotes that all business activities should avoid conduct that violates integrity, and encourages employees to regularly participate in internal and external education and training.	
3. The operation of the whistleblowing system of the Company (1) Has the Company established a specific whistleblowing and reward system, established channels to facilitate whistleblowing, and assigned appropriate specialists to handle whistleblowers?	V		(1) In order to guide employees to maintain high ethical standards within the business scope and prevent the occurrence of illegal activities, the Company has formulated strict preventive measures and disciplinary measures, and has established a reporting and complaint channel. The responsible unit is the management department. If an employee violates this policy, those who comply with standards of ethical behavior will be rewarded and punished in accordance with the relevant provisions of the Company's work rules. If the person punished in the preceding paragraph believes that the Company's improper handling has caused his legitimate rights and interests to be infringed, he may file a complaint with the management department for relief in accordance with the Company's relevant complaint handling regulations.	No significant differences
(2) Has the Company established a standard operating procedure for the investigation of the reported matter, the follow-up measures to be taken after the investigation is completed, and the relevant confidentiality mechanism?	V		(2) The Company has established principles and confidentiality mechanisms for handling reported matters.	

Evaluation items	Operating situation			Situation and reasons for the differences with the Code of Integrity Management of listed OTC companies
	Yes	No	Summary description	
(3) Has the Company adopted measures to protect the whistleblower from being improperly dealt with due to whistleblowing?	V		(3) The Company will not take inappropriate action against whistleblowers. The Company will keep whistleblowers confidential in accordance with regulations, treat case-related information and handling records as confidential information, and file them for retention.	
4. Strengthen information disclosure Does the Company disclose the content of its integrity management code and promote results on its website and public information observatory?		V	The Company has disclosed the relevant integrity management information on its official website.	No significant differences
5. If the Company has established its own code of integrity in accordance with the "Code of Integrity Management of Listed/TPEX Companies", please describe the differences between its operation and the established code: The Company has approved the formulation of the "Guidelines for Operation Procedures and Behaviors of Integrity Management" at the Board of Directors meeting on March 24, 2025.				
6. Other important information that helps to understand the Company's integrity management and operation: (such as the Company's review and revision of its integrity management code, etc.): The Company has an internal audit and internal control system and various management methods to operate the Company in an honest management manner, so that the contacts with manufacturers and customers must follow the policy.				

8. Other important information sufficient to enhance the understanding of the operation of corporate governance: None.

9. Internal Control Statement
(1) Internal Control Statement

Lung Hwa Electronics Co., Ltd.
Internal Control System Statement

Date: March 11, 2025

The Company's internal control system in 2024, based on the results of self-evaluation, hereby declares as follows:

1. The Company knows that it is the responsibility of the Board of Directors and managers of the Company to establish implement and maintain an internal control system, and the Company has already established such a system. Its purpose is to achieve the goals of operational effectiveness and efficiency (including profit, performance, and asset safety protection, etc.), report reliability, timeliness, transparency, and compliance with relevant norms and compliance with relevant laws and regulations and provide reasonable ensure.
2. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the above three objectives: moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system Subject to change. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective action.
3. The Company judges whether the design and implementation of the internal control system are effective based on the items for judging the effectiveness of the internal control system stipulated in the "Guidelines for the Establishment of Internal Control Systems by Publicly Issued Companies" (hereinafter referred to as "the Guidelines"). The internal control system judgment items adopted in the "Processing Criteria" are based on the process of management control, and the internal control system is divided into five components: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Supervise operations. Each constituent element in turn includes several items. For the aforementioned items, please refer to the provisions of the "Handling Guidelines".
4. The Company has adopted the above-mentioned internal control system to judge projects and evaluate the effectiveness of the design and implementation of the internal control system.
5. Based on the evaluation results in the preceding paragraph, the Company believes that the internal control system (including the supervision and management of subsidiaries) of the Company on December 31, 2024 includes the understanding of the effect of operations and the degree of achievement of efficiency goals, and the reporting system. Reliable, timely, transparent and in compliance with relevant norms and relevant laws and regulations, the design and implementation of relevant internal control systems are effective, which ensure the achievement of the above goals.
6. This statement will become the main content of the Company's annual report and prospectus and will be made public. If there are falsehoods, concealment, or other illegal matters in the above-mentioned disclosed content, it will involve legal liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This statement was approved by the Company's Board of Directors on March 11, 2025. Among the 8 Directors present, 0 objected, and the rest agreed with the content of this statement and hereby declare it.

Lung Hwa Electronics Co., Ltd.

Chairman: WANG, WKANG-HSIANG Signature

General Manager: WANG, SHARON Signature

(2) Whether to entrust an accountant to review the internal control system in the most recent year: None.

10. The Company and its internal personnel were punished according to law in the most recent year and as of the date of publication of the annual report; the Company's internal personnel violated internal control system regulations, major deficiencies, and improvements: None

11. Important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and up to the date of publication of the annual report:

Date	Board of Directors /Shareholders' meeting	Important resolution matters	Implementation situation	The resolution content and results of the Audit Committee	1. Have the audit committee members expressed any opinions 2. The Company's handling of the opinions
2024.03.14	Board of Directors	甲、Submit an operating status report for the fourth quarter of 2023. 乙、Submit the internal audit report for the fourth quarter of 2023. 丙、Submit greenhouse gas inventory and verification schedule reports. 丁、Submit reports on the Company's derivative financial product transactions. 戊、Submit a report on the implementation status of the Company's endorsement guarantee. 己、Submit reports on the Company's capital loan and implementation status report. 庚、Submit the performance evaluation results report of the 2023 Board of Directors. 辛、Approved the business plan for 2024. 壬、Approved the Company's self-consolidated financial statements and parent company only financial statements for 2023. 癸、Approved the assessment of the effectiveness of the Company's internal control system in 2023 and the "Internal Control System Statement". 11、Approved the regular assessment of the independence and competency of the Company's CPAs. 12、Approved the application for the installment sale and buyback case of South China International Leasing Co., Ltd. 13、Approved the application for the credit loan contract of First Commercial Bank. 14、Approved the revision of some provisions of the Company's "Operational Procedures for Fund Loans to Others". 15、Approved the comprehensive re-election of Directors of the Company. 16、Approved matters related to whether shareholders' nominations are included in the candidate list through the Company.	1. Completed 2. Completed 3. Completed 4. Completed 5. Completed 6. Completed 7. Completed 8. Completed 9. Completed 10. Send to the 2024 AGM for discussion 11. Completed 12. Completed 13. Completed 14. Send to the 2024 AGM for discussion 15. Send to the 2024 AGM for discussion 16. Send to the 2024 AGM	The 19th Audit Committee of the First Session Proposals 1-6, proposals 8-14, proposal 19, and item 21 are submitted to the Shareholders' meeting for discussion. All attending members agreed without objection.	1. Content of objections or reservations or major suggestions: None. 2. None

		<p>17、Approved matters related to shareholders' proposal rights through AGM.</p> <p>18、Approved the resolution on matters related to the Company's 2024 AGM.</p> <p>19、Approved the Company's accounts receivable/other receivables/prepayments/deposits exceed the normal credit/transaction period for more than three months and the amount is significant, they will be transferred to fund loans.</p> <p>20、Approved the proceedings of the first Remuneration Committee review minute in 2024.</p> <p>21、Approved the appointment of the Company's new accounting manager.</p>	<p>for discussion</p> <p>17. Send to the 2024 AGM for discussion</p> <p>18. Send to the 2024 AGM for discussion</p> <p>19. Completed</p> <p>20. Completed</p> <p>21. Completed</p>		
2024.03.28	Board of Directors	<p>1. Submit a progress report on the improvement of the Company's financial reporting capabilities.</p> <p>2. Submit the loss reached one-half of the paid-in capital in 2023.</p> <p>3. Approved the Company's 2023 operating report, consolidated financial statements and parent company only financial statements.</p> <p>4. Approved the Company's 2023 loss appropriation table.</p> <p>5. Approved prices setting and other related matters through the Company's fourth private placement of common shares in 2023.</p> <p>6. Approved the private placement of common shares approved by the 2023 AGM will not continue to be processed.</p> <p>7. Approved the cash capital increase and issuance of common shares through private placement.</p> <p>8. Approved the revision of some provisions of the Company's "Rules of Procedure for Board Meetings".</p> <p>9. Approved the revision of some articles of the Company's "Organizational Rules of the Audit Committee".</p> <p>10. Approved the agenda of the 2024 AGM.</p>	<p>1. Completed</p> <p>2. Completed</p> <p>3. Send to the 2024 AGM for discussion</p> <p>4. Send to the 2024 AGM for discussion</p> <p>5. Completed</p> <p>6. Send to the 2024 AGM for discussion</p> <p>7. Send to the 2024 AGM for discussion</p> <p>8. Send to the 2024 AGM for discussion</p> <p>9. Completed</p> <p>10. Send to the 2024 AGM for discussion</p>	<p>The 20th Audit Committee of the First Session</p> <p>Proposals 1-9 are submitted to the Shareholders' meeting for discussion.</p> <p>All attending members agreed without objection.</p>	<p>1. Content of objections or reservations or major suggestions: None.</p> <p>2. None</p>
2024.04.10	Board of Directors	<p>1. Approved proposals and review the list of candidates for Directors and Independent Directors.</p> <p>2. Approved the proposal to lift non-competition restrictions on the new Directors and their representatives.</p> <p>3. Approved the proposal to add to the agenda of the 2024 AGM.</p>	<p>1. Completed</p> <p>2. Completed</p> <p>3. Completed</p>		
2024.05.14	Board of Directors	<p>1. Approved the consolidated financial report for 2024 Q1.</p> <p>2. Approved the proposal to update the list of candidates for Directors and Independent Directors.</p> <p>3. Approved the proceedings of the second Remuneration Committee review minute in 2024.</p> <p>4. Approved the appointment of Ms. Chen Yongxin as the Corporate Governance Supervisor.</p>	<p>1. Completed</p> <p>2. Completed</p> <p>3. Completed</p> <p>4. Completed</p>	<p>The 21st Audit Committee of the First Session</p> <p>Proposal 1 is submitted to the Shareholders'</p>	<p>1. Content of objections or reservations or major suggestions: None.</p>

				meeting for discussion. All attending members agreed without objection.	2. None
2024.06.24	Board of Directors	1. Approved the plan to dispose of part of the equity in The Company's significant subsidiary, Videosoft Global Co., Ltd.	1. Completed	The 22nd Audit Committee of the First Session Proposal 1 is submitted to the Shareholders' meeting for discussion. All attending members agreed without objection.	1. Content of objections or reservations or major suggestions: None. 2. None
2024.06.25	Board of Directors	1. Approved the election of the new Chairman. 2. Approved the proposal to appoint members of the fifth Remuneration Committee.	1. Completed 2. Completed		
2024.08.12	Board of Directors	1. Submit the self-financed operating status report for the second quarter of 2024. 2. Submit the internal audit report for the second quarter of 2024. 3. Submit greenhouse gas inventory and verification schedule reports. 4. Submit reports on the Company's derivative financial product transactions as of the end of July, 2024. 5. Submit a report on the implementation status of the Company's endorsement guarantee as of the end of July, 2024. 6. Submit reports on the Company's capital loan and implementation status report as of the end of July, 2024. 7. Approved the explanation for the renewal of 2024 Directors and manager's liability insurance. 8. Pass the report on the implementation of the Company's ability to improve its own financial reporting capabilities. 9. Approved the updated business plan for 2024. 10. Approved the appointment and remuneration of the Company's CPAs for 2024. 11. Approved the consolidated financial report for the second quarter of 2024.	1. Completed 2. Completed 3. Completed 4. Completed 5. Completed 6. Completed 7. Completed 8. Completed 9. Completed 10. Completed 11. Completed	The 1st Audit Committee of the Second Session Proposals 1-6 and proposals 8-13 are submitted to the Shareholders' meeting for discussion. All attending members agreed without objection.	1. Content of objections or reservations or major suggestions: None. 2. None

		<p>12. Approved the Company's proposed application for the installment sale and buyback case of Cooperation Treasury Asset Management Co., Ltd. (renewal of old facility).</p> <p>13. Approved the changes in the Company's Financial Supervisor and acting spokesperson.</p>	<p>12. Completed</p> <p>13. Completed</p>		
2024.09.24	Board of Directors	<p>1. Approved the first issuance of private placement common shares in 2024.</p>	<p>1. Send to the 2024 AGM for discussion</p>	<p>The 2nd Audit Committee of the Second Session</p> <p>Proposal 1 is submitted to the Shareholders' meeting for discussion.</p> <p>All attending members agreed without objection.</p>	<p>1. Content of objections or reservations or major suggestions: None.</p> <p>2. None</p>
2024.11.12	Board of Directors	<p>1. Submit the self-financed operating status report for the third quarter of 2024.</p> <p>2. Submit the internal audit report for the third quarter of 2024.</p> <p>3. Submit greenhouse gas inventory and verification schedule reports.</p> <p>4. Submit reports on the Company's derivative financial product transactions as of the end of September, 2024.</p> <p>5. Submit a report on the implementation status of the Company's endorsement guarantee as of the end of September, 2024.</p> <p>6. Submit reports on the Company's capital loan and implementation status as of the end of September, 2024.</p> <p>7. Approved the consolidated financial report for the third quarter of 2024.</p> <p>8. Approved the Company's application for the renewal of the credit loan contract with Shanghai Commercial and Savings Bank.</p> <p>9. Approved the Company's proposed application for the renewal of the cooperative treasury credit line contract.</p>	<p>1. Completed</p> <p>2. Completed</p> <p>3. Completed</p> <p>4. Completed</p> <p>5. Completed</p> <p>6. Completed</p> <p>7. Completed</p> <p>8. Completed</p> <p>9. Completed</p>	<p>The 3rd Audit Committee of the Second Session</p> <p>Proposals 1-9 are submitted to the Shareholders' meeting for discussion.</p> <p>All attending members agreed without objection.</p>	<p>1. Content of objections or reservations or major suggestions: None.</p> <p>2. None</p>
2024.12.24	Board of Directors	<p>1. Submit reports on the Company's derivative financial product transactions as of the end of November, 2024.</p> <p>2. Submit a report on the implementation status of the Company's endorsement guarantee as of the end of November, 2024.</p> <p>3. Submit reports on the Company's capital loan and implementation status as of the end of November, 2024.</p> <p>4. Completed Submit the Audit Quality Index (AQI) report of PWC United Accounting Firm.</p>	<p>1. Completed</p> <p>2. Completed</p> <p>3. Completed</p> <p>4. Completed</p>	<p>The 4th Audit Committee of the Second Session</p> <p>Proposals 1-9 and 11-15 are submitted to the Shareholders'</p>	<p>1. Content of objections or reservations or major suggestions: None.</p> <p>2. None</p>

		<ol style="list-style-type: none"> 5. Approved the business plan for 2025 Q1. 6. Approved the price setting and other related matters through the Company's second issuance of private placement common shares in 2024. 7. Approved the disposal of part of the equity held by The Company in its subsidiary, Videosoft, in June 2024, and the capital increase plan of the subsidiary, Videosoft, in June 2023, with the intention to commission a reasonableness opinion from the CPAs. 8. Approved the audit plan for 2025. 9. Approved The Company's proposed application for Shanghai Commercial Bank Guarantee Loan Contract (New Contract). 10. Approved the proceedings of the third Remuneration Committee review minute in 2024. 11. Approved adding the [Sustainable Information Management Operation Procedure]. 12. Approved adding the [Code of Ethical Conduct]. 13. Approved adding the [Integrity Management Code]. 14. Approved adding the [Corporate Governance Best-Practice Principles]. 15. Approved adding the [Corporate Governance Best-Practice Principles]. 	<ol style="list-style-type: none"> 5. Completed 6. Send to the 2024 AGM for discussion 7. Completed 8. Completed 9. Completed 10. Completed 11. Completed 12. Send to the 2024 AGM for discussion 13. Send to the 2024 AGM for discussion 14. Completed 15. Completed 	<p>meeting for discussion.</p> <p>All attending members agreed without objection.</p>	
2025.01.17	Board of Directors	<ol style="list-style-type: none"> 1. Submit a report on establishing a grandchild company - Videosoft Global Co., Ltd. in the United States. 2. Approved the proposal to change the Company's stock affairs agency. 	<ol style="list-style-type: none"> 1. Completed 2. Completed 		
2025.03.11	Board of Directors	<ol style="list-style-type: none"> 1. Submit an operating status report for the fourth quarter of 2024. 2. Submit the internal audit report for the fourth quarter of 2024. 3. Submit greenhouse gas inventory and verification schedule reports. 4. Submit reports on the Company's derivative financial product transactions. 5. Submit a report on the implementation status of the Company's endorsement guarantee. 6. Submit reports on the Company's capital loan and implementation status report. 7. Submit the performance evaluation results report of the 2024 Board of Directors. 8. Submit a report on the implementation status of Information Security Management for the Year 2024. 9. Submit the loss reached one-half of the paid-in capital in 2024. 10. Approved the business plan for 2025. 11. Approved the Company's 2024 operating report, consolidated financial statements and parent company only financial statements. 12. Approved the Company's 2024 loss appropriation table. 13. Approved the assessment of the effectiveness of the Company's internal 	<ol style="list-style-type: none"> 1. Completed 2. Completed 3. Completed 4. Completed 5. Completed 6. Completed 7. Completed 8. Completed 9. Completed 10. Completed 11. Completed 12. Send to the 2024 AGM for discussion 13. Send to the 2024 AGM 	<p>The 5th Audit Committee of the Second Session</p> <p>Proposals 1-6 and 9-19 are submitted to the Shareholders' meeting for discussion.</p> <p>All attending members agreed without objection.</p>	<ol style="list-style-type: none"> 1. Content of objections or reservations or major suggestions: None. 2. None

		<p>control system in 2024 and the "Internal Control System Statement".</p> <p>14. Approved the regular assessment of the independence and competency of the Company's CPAs.</p> <p>15. Approved the revision of some provisions of the Company's "Procedures for Acquiring or Disposing of Assets".</p> <p>16. Approved the revision of some articles of the Company's "Articles of Association".</p> <p>17. Approved the revision of some provisions of the Company's "Management Measures for Preventing Insider Trading".</p> <p>18. Approved the revision of some provisions of the Company's "Work Rules".</p> <p>19. Approved the revision of some provisions of the Company's "Fixed Asset Management Measures and Operating Guidelines".</p> <p>20. Approved matters related to shareholders' proposal rights through AGM.</p> <p>21. Approved the resolution on matters related to the Company's 2025 AGM.</p>	<p>for discussion</p> <p>14. Completed</p> <p>15. Send to the 2024 AGM for discussion</p> <p>16. Send to the 2024 AGM for discussion</p> <p>17. Completed</p> <p>18. Completed</p> <p>19. Completed</p> <p>20. Completed</p> <p>21. Completed</p>		
2025.03.24	Board of Directors	<p>1. Report on the planned establishment of a new subsidiary, Sanhui Technology Co., Ltd., 100% owned by Lung Hwa Electronics.</p> <p>2. Approved the price setting and other related matters through the Company's third issuance of private placement common shares in 2024.</p> <p>3. Approved the proposal to conduct a cash capital increase and issuance of common shares through private placement.</p> <p>4. Approved adding the [Property Management Measures].</p> <p>5. Approved adding the [Guidelines for Operation Procedures and Behaviors of Integrity Management].</p> <p>6. Approved adding the [Whistleblowing System Implementation Measures].</p> <p>7. Approved adding the [Operational Guidelines for Financial and Business Transactions among Related Parties].</p> <p>8. Approved adding the [Human Rights Policy].</p> <p>9. Approved the 2025 concrete implementation plan for sustainable development.</p> <p>10. Approved the revision of some provisions of the Company's "Rules of Procedure for Shareholders' Meetings".</p> <p>11. Approved the proposal to add to the agenda of the 2025 AGM.</p>	<p>1. Completed</p> <p>2. Send to the 2024 AGM for discussion</p> <p>3. Completed</p> <p>4. Completed</p> <p>5. Send to the 2024 AGM for discussion</p> <p>6. Completed</p> <p>7. Completed</p> <p>8. Completed</p> <p>9. Completed</p> <p>10. Send to the 2024 AGM for discussion</p> <p>11. Completed</p>	<p>The 6th Audit Committee of the Second Session</p> <p>Proposals 1-10 are submitted to the Shareholders' meeting for discussion.</p> <p>All attending members agreed without objection.</p>	<p>1. Content of objections or reservations or major suggestions: None.</p> <p>2. None</p>
2025.04.17	Board of Directors	<p>1. Submit a statement of intent regarding ACR Group Borrower, LLC's acquisition of the significant subsidiary, Taiwan Videosoft.</p> <p>2. Submit a report on the resolution of the Board of Directors of its subsidiary Videosoft to establish a subsidiary in the United States.</p> <p>3. Approved the update of the Company's 2024 loss appropriation table.</p> <p>4. Approved the proposal concerning the subsidiary Sandian Intelligent Co., Ltd.</p>	<p>1. Completed</p> <p>2. Completed</p> <p>3. Send to the 2024 AGM for discussion</p> <p>4. Completed</p>	<p>The 6th Audit Committee of the Second Session</p> <p>Proposals 1-10 are submitted to the Shareholders' meeting for discussion.</p> <p>All attending</p>	<p>1. Content of objections or reservations or major suggestions: None.</p> <p>2. None</p>

				members agreed without objection.	
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12. In the most recent year and as of the date of publication of the annual report, Directors or supervisors have different opinions on important resolutions passed by the Board of Directors and there are records or written statements, the main contents of which are: None

13. Summary table of the resignation and dismissal of relevant persons of the Company in the most recent year and as of the date of publication of the annual report:

Note: The relevant persons of the Company refer to the Chairman, general manager, accounting supervisor, financial supervisor, internal audit supervisor and research and development supervisor, etc.

Job title	Name	Date of appointment	Date of removal	Reasons for resignation or removal
CFO	Chen Yuzhu	2023/11/13	2024/08/12	Resignation
Accounting Supervisor	Zheng Youzheng	2021/04/19	2024/03/14	Resignation
Product Director	Sun Daming	2020/11/10	2024/04/09	Resignation

(III) Information on the audit fees of the CPAs:

Unit: Thousands of New Taiwan Dollars

CPAs firm name	CPAs name	Audit period	Audit fees	Non-audit fees	Total	Note
PWC United Accounting Firm	Lin Boquan Weng Shirong	2024/1/1~2024/3/31	1,800	400	2,200	Non-audit fees are primarily related to tax certification fees.
	Yang Huici Lin Boquan	2024/1/1~2024/12/31				

- When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed: None
- When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: None

(IV) Information on replacement of CPAs:

- Regarding the former certified public accountant

Change date	From 2024 Q2		
Change reasons and instructions	CPAs firm internal administrative organization personnel adjustments		
Indicates that the appointing person or accountant has terminated or refused to accept the appointment	Party Situation		Appointed person
	Situation	CPAs	
	Voluntary termination of appointment	V	X
	Not accepting (continuing) appointment	X	X
Opinions and reasons for audit reports other than unqualified opinions issued within the latest two years	None		
Disagreement with the issuer	Yes		Accounting Principles or Practices
			Disclosure of financial reports
			Check scope or steps
			Other
	No	V	
	Illustrate: No such situation		
Other disclosures (Those that should be disclosed from Item 4 to Item 7 of Paragraph 6 of Article 10 of this Code)	None		

2. Regarding the successor certified public accountant

Firm name	PWC United Accounting Firm
CPAs name	Yang Hui Tzu
Date of appointment	Approved by the Shareholders' meeting on August 12, 2024
Accounting for specific transactions prior to appointment treatment or accounting principles and Opinion on possible issuance of financial reports Consultation matters and results	None
Successor accountant vs. Predecessor accountant Written Opinion on Dissenting Matters	None

3. Reply letter from the former CPA to item 1 and item 3 of item 6 of Article 10 of this standard description: None.

(V) Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm: None.

(VI) Any change in transfer and pledge of equity by directors, supervisors, managers, and shareholder with a stake of more than 10 percent

Job title	Name	2024		As of April 30, 2025	
		Number of shares held increased (decreased) (Note 1)	Number of pledged shares increased (decreased)	Number of shares held increased (decreased)	Number of pledged shares increased (decreased)
Chairman	WANG, WKANG-HSIANG	0	—	1,710,000	—
Director	Zhonghua Investment Co., Ltd.	0	—	0	—
	ALLEN Y. WANG	0	—	0	—
Director	Zhonghua Investment Co., Ltd.	0	—	0	—
	Representative: Li Yanzhang	0	—	0	—
Director	Zhonghua Investment Co., Ltd.	0	—	0	—
	Representative: Lin Kunming	0	—	(40,152)	—
Director	Zhonghua Investment Co., Ltd.	0	—	0	—
	Representative: WANG, SHARON	0	—	0	—
Independent Director	Dong Qingquan	0	—	0	—
Independent Director	Wei Yunting	0	—	0	—
Independent Director	Lu Xinghua	0	—	0	—
Independent Director	Li Shuping	0	—	0	—
General manager	WANG, SHARON	0	—	0	—

Note 1: Information about the relative of the equity transfer as a related party: None.

Note 2: Information about the relative person of the equity pledge as a related party: None.

Note 3: The Company's corporate director representative, Mr. Li Yanzhang, resigned on March 7, 2025.

(VII) Information on the relationship between the top ten shareholders by shareholding ratio are related persons:

Name	Self-held shares		Shares held by spouse and minor children		Holding shares in the name of others		The top ten shareholders who are related to each other or who are spouses or relatives within the second degree.		Note
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Name	Relation	
WANG, SHARON	4,807,472	8.29%	—	—	—	—	WANG, WKANG-HSIANG ALLEN Y. WANG Wang Yawei	Director Director Second degree relatives	
ALLEN Y. WANG	4,844,710	8.36%	—	—	—	—	WANG, WKANG-HSIANG WANG, SHARON Wang Yawei	Director Director Second degree relatives	
Wang Yawei	3,342,650	5.76%	—	—	—	—	WANG, WKANG-HSIANG ALLEN Y. WANG WANG, SHARON	Director Director Director	
Xinqing Investment Development Co., Ltd.	9,571,540	16.51%	—	—	—	—	WANG, SHARON ALLEN Y. WANG	Director Director	
Xinqing Investment Representative - Wang Yafeng	—	—	—	—	—	—	Wang Yacheng	Second degree relatives	
Sanya Investment Co., Ltd.	4,809,340	9.03%	—	—	—	—	WANG, SHARON ALLEN Y. WANG	Director Director	
Sanya Investment Representative: Wang Yafeng	—	—	—	—	—	—	Wang Yacheng	Second degree relatives	
WANG, WKANG-HSIANG	9,561,466	16.49%	3,760,013	6.48%	—	—	WANG, SHARON ALLEN Y. WANG Wang Yawei	Director Director Second degree relatives	
Rowda Capital Co.	1,943,550	3.35%	—	—	—	—	WANG, SHARON ALLEN Y. WANG	Director Director	
Rowda Capital Co. Representative - ALLEN Y. WANG	4,844,710	8.36%	—	—	—	—	WANG, WKANG-HSIANG WANG, SHARON Wang Yawei	Director Director Second degree relatives	
Sanli Investment Co., Ltd.	4,835,900	8.34%	—	—	—	—	WANG, SHARON ALLEN Y. WANG Wang Xu Xue'e	Director Director Second degree relatives	
Sanli Investment Representative - Wang Yafeng	—	—	—	—	—	—	Wang Yacheng	Second degree relatives	

(VIII) The number of shares held by the Company, its directors, supervisors, managers and enterprises directly or indirectly controlled by the Company in the same reinvested enterprise, and the comprehensive shareholding ratio shall be calculated together:

December 31, 2024

Unit: Thousand Shares; %

Invest in business	The Company invests		Directors, managers, and investments in directly or indirectly controlled enterprises		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Videosoft Global Co., Ltd.	6,985	62.88%	—	—	6,985	62.88%

III. Disclosure Items on Capital and Shares

(I) Capital and shares

1. Source of share:

Unit: Share, Thousands of New Taiwan Dollars

Year/ Month	Issued price	Approved share capital		Paid-in share capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Using property other than cash to offset the share capital	Other
1985.12	100	234,000	23,400,000	234,000	23,400,000	Cash: 3,000,000	None	
1987.03	100	400,000	40,000,000	400,000	40,000,000	Cash: 16,600,000	None	
1988.10	100	700,000	70,000,000	700,000	70,000,000	Cash: 30,000,000	None	
1989.07	10	14,000,000	140,000,000	14,000,000	140,000,000	Cash: 70,000,000	None	
1990.02	10	19,990,000	199,900,000	19,990,000	199,900,000	Cash: 59,900,000	None	
1990.12	10	21,110,000	211,100,000	21,110,000	211,100,000	Surplus: 11,200,000	None	
1991.11	16 10 10	30,332,000	303,320,000	30,332,000	303,320,000	Cash: 50,000,000 Surplus: 21,110,000 Capital reserves: 21,110,000	None	
1992.05	10	36,777,550	367,775,500	36,777,550	367,775,500	Surplus: 34,123,500 Capital reserves: 30,332,000	None	Note 1
1993.09	10	40,455,305	404,553,050	40,455,305	404,553,050	Capital reserves: 36,777,550	None	Note 2
1994.11	10	42,478,070	424,780,700	42,478,070	424,780,700	Capital reserve: 20,227,650	None	Note 3
1997.10	10	100,000,000	1,000,000,000	64,000,000	640,000,000	Cash: 173,097,320 Surplus: 37,874,170 Capital reserve: 4,247,810	None	Note 4
1998.12	10	100,000,000	1,000,000,000	70,545,455	705,454,550	Surplus: 14,254,550 Capital reserve: 51,200,000	None	Note 5
1999.09	10	100,000,000	1,000,000,000	75,259,173	752,591,730	Surplus: 47,137,180	None	Note 6

Year/ Month	Issued price	Approved share capital		Paid-in share capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Using property other than cash to offset the share capital	Other
2000.10	10	100,000,000	1,000,000,000	80,168,124	801,681,240	Surplus: 38,553,220 Capital reserve: 10,536,290	None	Note 7
2001.10	10	100,000,000	1,000,000,000	88,722,427	887,224,270	Surplus: 52,674,100 Capital reserve: 32,868,930	None	Note 8
2002.12	10	100,000,000	1,000,000,000	93,662,654	936,626,540	Surplus: 49,402,270	None	Note 9
2004.04	10	150,000,000	1,500,000,000	107,189,883	1,071,898,830	Corporate bond conversion: 135,272,290	None	Note 10
2004.08	10	150,000,000	1,500,000,000	107,217,155	1,072,171,550	Corporate bond conversion: 272,720	None	Note 11
2004.10	10	150,000,000	1,500,000,000	107,298,972	1,072,989,720	Corporate bond conversion: 818,170	None	Note 12
2005.04	10	150,000,000	1,500,000,000	108,612,047	1,086,120,470	Surplus: 13,130,750	None	Note 13
2007.01	10	150,000,000	1,500,000,000	82,751,080	827,510,800	Reduced share capital: 258,609,670	None	Note 14
2008.08	10	150,000,000	1,500,000,000	40,000,000	400,000,000	Reduced share capital: 427,510,800	None	Note 15
2021.02	10	150,000,000	1,500,000,000	30,000,000	300,000,000	Reduced share capital: 100,000,000	None	Note 16
2020.09	10	150,000,000	1,500,000,000	18,000,000	180,000,000	Reduced share capital: 120,000,000	None	Note 17
2020.10	10	150,000,000	1,500,000,000	18,967,000	189,670,000	Increase share capital: 967,000	None	Note 18
2021.05	10	150,000,000	1,500,000,000	21,493,000	214,930,000	Increase share capital: 2,526,000	None	Note 19
2021.07	10	150,000,000	1,500,000,000	27,025,000	270,250,000	Increase share capital: 5,532,000	None	Note 20
2021.09	10	150,000,000	1,500,000,000	31,025,000	310,025,000	Increase share capital: 4,000,000	None	Note 21
2022.01	10	150,000,000	1,500,000,000	34,025,000	340,025,000	Increase share capital: 3,000,000	None	Note 22
2022.08	10	150,000,000	1,500,000,000	38,025,000	380,025,000	Increase share capital: 4,000,000	None	Note 23
2021.10	10	150,000,000	1,500,000,000	42,525,000	425,250,000	Increase share capital: 4,500,000	None	Note 24
2023.01	10	150,000,000	1,500,000,000	48,525,000	485,250,000	Increase share capital: 6,000,000	None	Note 25
2023.11	10	150,000,000	1,500,000,000	51,025,000	510,250,000	Increase share capital: 2,500,000	None	Note 26

Year/ Month	Issued price	Approved share capital		Paid-in share capital		Note		
		Number of shares	Amount	Number of shares	Amount	Source of equity	Using property other than cash to offset the share capital	Other
2024.01	10	150,000,000	1,500,000,000	53,275,000	532,750,000	Increase share capital: 2,250,000	None	Note 27
2024.04	10	150,000,000	1,500,000,000	56,275,000	562,750,000	Increase share capital: 3,000,000	None	Note 28
2024.10	10	150,000,000	1,500,000,000	57,425,000	574,250,000	Increase share capital: 1,150,000	None	Note 29
2025.02	10	150,000,000	1,500,000,000	57,605,000	576,050,000	Increase share capital: 180,000	None	Note 30
2025.05	10	150,000,000	1,500,000,000	57,985,000	579,850,000	Increase share capital: 380,000	None	Note 31

Note 1: No. 00584 of the Ministry of Finance Securities Regulatory Commission on March 26, 1992 (81) Taiwan Caizheng

Note 2: Ministry of Finance Securities Regulatory Commission July 20, 1993 (82) Taiwan Caizheng No. 30867

Note 3: The Securities Regulatory Commission of the Ministry of Finance July 21, 1994 (83) Taiwan Caizheng No. 32684

Note 4: Ministry of Finance Securities Regulatory Commission on October 02, 1997 (86) Taiwan Caizheng No. 74054

Note 5: Ministry of Finance Securities Regulatory Commission December 08, 1998 (87) Taiwan Caizheng No. 10152

Note 6: The Securities Regulatory Commission of the Ministry of Finance September 20, 1999 (88) Taiwan Caizheng No. 84907

Note 7: Ministry of Finance Securities Regulatory Commission October 10, 2000 (89) Taiwan CaiZheng No. 81966

Note 8: Taiwan Financial Document No. 162294 dated October 11, 2001 (90) by the Securities Regulatory Commission of the Ministry of Finance

Note 9: Ministry of Finance Securities and Futures Commission October 14, 2002 (91) Taiwan Caizheng No. 155129

Note 10: The Ministry of Economic Affairs dated April 21, 2004, Ministry of Economic Affairs Shangzi No. 09301067790

Note 11: No. 09301163280 authorized by the Ministry of Economic Affairs on August 31, 2004

Note 12: No. 09301198390 authorized by the Ministry of Economic Affairs on October 27, 2004

Note 13: Financial Regulatory Commission of the Executive Yuan dated October 21, 2004, Jin Guan Zheng Yi Zi No. 0930004995

Note 14: Financial Supervision and Administration Commission of the Executive Yuan dated October 31, 2006, Jin Guan Zheng Yi Zi No. 0950144596, and the capital reduction base date was January 02, 2007.

Note 15: Financial Supervision and Administration Commission of the Executive Yuan dated May 23, 2008, Jinguanzheng Erzi No. 0970024088, and the capital reduction base date was August 22, 2008.

- Note 16: Financial Supervision and Administration Commission of the Executive Yuan dated January 17, 2011 Jin Guan Zheng Fa Zi No. 0990073344, and the benchmark date for capital reduction was January 25, 2011.
- Note 17: Financial Regulatory Commission of the Executive Yuan issued Jinguan Zhengfazi No. 1090358615 on September 28, 2020, and the base date for capital reduction was September 28, 2020.
- Note 18: Taipei City Government dated October 20, 2010 Industrial Shangzi No. 10955192400 and the capital increase base date were October 20, 2020.
- Note 19: Taipei City Government May 03, 2021 Industrial Shangzi No. 11048246610, capital increase base date May 03, 2021.
- Note 20: Taipei City Government July 02, 2021 Industrial Shangzi No. 11049522130, capital increase base date July 02, 2021.
- Note 21: Taipei City Government dated October 07, 2022, Industry Shangzi No. 11053862500, and the capital increase base date was October 07, 2022.
- Note 22: Taipei City Government January 17, 2022 Industrial Shangzi No. 11056223120, capital increase base date January 17, 2022.
- Note 23: Taipei City Government 2022.08.02 Industrial Shangzi No. 11051458300, capital increase base date 2022.08.02.
- Note 24: Taipei City Government January 17, 2022 Industrial Shangzi No. 11154087800, capital increase base date October 19, 2022.
- Note 25: Taipei City Government's Industry Commercial Zi No. 11245350200 on January 13, 2023, and the base date of capital increase on January 13, 2023.
- Note 26: Ministry of Economic Affairs Jinsosunzi No. 11230205900 on November 1, 2023
- Note 27: Ministry of Economic Affairs Jinsosunzi No. 11330008110 on January 23, 2024
- Note 28: Ministry of Economic Affairs Jinsosunzi No. 11330061210 on April 25, 2024
- Note 29: Ministry of Economic Affairs Jinsosunzi No. 11330184700 on October 30, 2024
- Note 30: Ministry of Economic Affairs Jinsosunzi No. 11430005550 on February 8, 2025
- Note 31: Ministry of Economic Affairs Jinsosunzi No. 11430050360 on May 5, 2025

May 1, 2025

Type of shares	Approved share capital				Note
	Shares outstanding	Private equity	Unissued shares	Total	
Registered common stock	18,000,000	39,985,000	92,015,000	150,000,000	Listed stocks

Information about the comprehensive reporting system: Not applicable.

2. Shareholder structure

May 1, 2025

Shareholder structure	Government Mechanism	Finance Mechanism	Other legal persons	Foreign institution and foreigners	Individual	Total
Quantity						
Number of people	1	0	18	17	3,549	3,585
Number of shares held	600	0	25,528,619	2,065,455	30,390,326	57,985,000
Shareholding ratio	0%	0%	44.03%	3.56%	52.41%	100.00%

3. Diffusion of share capital

May 1, 2025

Shareholding classification	Number of shareholders	Number of shares held	Shareholding ratio
1 to 999	3,102	463,954	0.80%
1,000 to 5,000	377	674,303	1.16%
5,001 to 10,000	35	261,758	0.45%
10,001 to 15,000	17	215,920	0.37%
15,001 to 20,000	10	185,414	0.32%
20,001 to 30,000	11	287,372	0.51%
30,001 to 40,000	6	207,925	0.36%
40,001 to 50,000	2	95,000	0.16%
50,001 to 100,000	6	457,150	0.79%
100,001 to 200,000	4	582,000	1.00%
200,001 to 400,000	1	298,000	0.51%
400,001 to 600,000	0	0	0.00%
600,001 to 800,000	1	723,000	1.25%
800,001 to 1,000,000	0	0	0.00%
More than 1,000,001 can be graded according to the actual situation.	13	53,533,204	82.32%
Total	3,585	57,985,000	100.00%

Special shares: Not Applicable

4. List of major shareholders

May 1, 2025

Major Shareholder name	Number of shares held	Shareholding ratio
Xinqing Investment Development Co., Ltd.	9,571,540	16.51%
WANG, WKANG-HSIANG	9,561,466	16.49%
ALLEN Y. WANG	4,844,710	8.36%
Sanli Investment Co., Ltd.	4,835,900	8.34%
Sanya Investment Co., Ltd.	4,809,340	8.29%
WANG, SHARON	4,807,472	8.29%
Wang Xu Xue'e	3,760,013	6.48%
Wang Yawei	3,342,650	5.77%
Rowda Capital Co.	1,943,550	3.35%
Capital Securities Investment Trust & Consulting manages and custodies the Leefung Securities Investment Account	1,780,000	3.07%

5. Stock prices, net worth, earnings, dividends per share and related information for the last 2 years

Unit: New Taiwan Dollars

Item		Year	2023	2024	As of March 1, 2025 (Note 8)
Market price per share (Note 1)	Highest		56.90	85.00	70.40
	Lowest		19.35	27.20	56.40
	Average		31.28	43.75	59.72
Net value per share (Note 2)	Before allocation		5.24	5.04	5.07
	After allocation		5.24	5.04	5.07
Earnings per share	Weighted average number of shares		49,194,000	55,846,000	57,609,000
	Earnings per share (Note 3)		-3.95	-3.35	-0.27
Dividend per share	Cash dividend		—	—	—
	None compensate Allotment	Surplus distribution	—	—	—
		Capital reserve distribution	—	—	—
	Accumulated unpaid dividends (Note 4)		—	—	—
Investment return analysis (Note)	Price-to-earnings ratio (Note 5)		—	—	—
	Cost-to-earnings ratio (Note 6)		—	—	—
	Cash dividend yield (Note 7)		—	—	—

Note: The investment return analysis: It is not applicable because the net loss after tax in 2024 is NT\$187,104 thousand and the net loss after tax in 2023 is NT\$194,560 thousand.

* If there is a capital increase allotment of surplus or capital reserve, the market price and cash dividend information retroactively adjusted according to the number of shares issued should also be disclosed.

Note 1: List the highest and lowest market prices of common stocks in each year and calculate the average market price for each year based on the transaction value and volume of each year.

Note 2: Please refer to the number of issued shares at the end of the year and fill in the distribution according to the resolution of the shareholders' meeting in the next year.

Note 3: If there is a retroactive adjustment due to gratis allotment, etc., the earnings per share before and after adjustment shall be listed.

Note 4: If the issuance conditions of equity securities stipulate that undistributed dividends in the current year may be accumulated and distributed in a surplus year, the accumulated unpaid dividends up to the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the current year/earnings per share.

Note 6: Cost-to-profit ratio = average closing price per share for the current year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the current year.

Note 8: The net value per share and earnings per share shall be filled in with the information audited (reviewed) by accountants in the most recent quarter up to the date of publication of the annual report, and the remaining columns shall be filled in as of the date of publication of the annual report Data for the current year as of the current date.

6. Company's dividend policy and implementation thereof

(1) Dividend policy of the Company

According to Article 25-2 of the Company's articles of association, if the Company's annual final accounts have after-tax net profit, after making up the losses according to law, 10% of it will be set aside as the statutory surplus reserve, and it will be withdrawn or reversed according to the law. After the special surplus reserve, the "Adjustment Amount of Undistributed Earnings of the Current Year" will be incorporated into the accumulated undistributed earnings, and the Board of Directors will reserve a part of it according to operational needs, and then the Board of Directors will draft a surplus distribution proposal and submit it to the shareholders' meeting for a resolution on the distribution of shareholder dividends.

To improve the Company's financial structure and protect the rights and interests of disabled investors, the Company adopts a balanced dividend policy, comprehensively considering the following factors, and maintaining the balance of the annual dividend distribution level:

- A. The needs of the Company's future operation and development.
- B. Consider the Company's future profit status and maintain a stable level of earnings per share.
- C. Consider the Company's future cash flow and operating surplus.
- D. Consider the impact of the proposed free allotment of shares on the earnings per share in the financial forecast for the current year.
- E. Consider the changes in earnings dilution and after-tax net profit caused by free allotment of shares in the last two years.
- F. The Company's dividend payment method adopts two methods of stock dividends (including capital increase from surplus and capital increase from capital reserve) and cash dividends.

When the Company distributes the surplus, it must be based on the amount of the deduction of shareholders' equity listed in the current year's account (such as the difference in translation of the financial statements of foreign operating institutions, etc.) The calculated difference shall be set aside from the after-tax profit of the current year or the undistributed surplus of the previous period as the special surplus reserve of the same amount. When the amount of the deduction of shareholders' equity is reversed and the market price of the Company's shares held by the subsidiary company rises, the shareholding when the ratio reverses, you must distribute the surplus on the reversed part.

The above-mentioned profit distribution proposal shall be resolved at the general meeting of shareholders in the following year and shall be listed in the financial statements of the year of profit distribution.

Implementation status: There is no distribution plan this year.

7. Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting: Not applicable.
8. Compensation of employees, Directors, and supervisors:
 - (1) The percentage or range of remuneration for employees, Directors and supervisors as specified in the Company's articles of association:
If the Company makes annual profits, 2% should be allocated as employee remuneration and no more than 2% should be allocated as Director and supervisor remuneration. However, if the Company still has accumulated losses, the compensation amount should be reserved. The remuneration of employees referred to in the preceding paragraph may be paid in stock or in cash, and the recipients of the payment may include subordinate employees who meet the conditions set by the Board of Directors. The remuneration of Directors and supervisors referred to in the preceding paragraph shall only be paid in cash. The first two items shall be implemented by a resolution of the Board of Directors and reported to the shareholders' meeting.
 - (2) The accounting basis for the estimation of employee remuneration and the amount of remuneration for Directors and supervisors in the current period, the basis for calculating the number of shares to distribute stock bonuses, and the accounting treatment principles when the actual distribution amount is different from the estimated amount:
If there is a change between the actual payment amount and the estimated amount resolved by the Board of Directors, it shall be handled in accordance with the change in accounting principles and adjusted and recorded in the year of the resolution of the Board of Directors. If the Board of Directors decides to issue stock compensation to employees, the number of stock compensation shares is determined by dividing the amount distributed by the resolution by the fair value of the stock. The fair value of the stock is calculated based on the closing price on the day before the resolution of the Board of Directors, considering the impact of ex-rights and dividends.
 - (3) Information on the proposed distribution of employee remuneration and remuneration of Directors and supervisors approved by the Board of Directors: None.
 - (4) The surplus of the previous year was used to distribute employee bonuses and remuneration of Directors and supervisors: None.
9. Status of a company repurchasing its own shares: None.

(II) Implementation status of private placement cash capital increase and issuance of common shares

Summary of Execution Status of Private Placement Cash Capital Increase
and Issuance of Common Shares from 2020 to 2024

Year	Shareholders meeting approved date	Private placement quota (shares)	Used quota (shares)	Unused quota (shares)	Note
2020	2020.09.03	12,000,000	9,025,000	2,975,000	Unused quota will not be renewed
2021	2021.07.29	20,000,000	7,000,000	13,000,000	Unused quota will not be renewed
2022	2022.06.17	20,000,000	14,500,000	5,500,000	Unused quota will not be renewed
2023	2023.06.29	15,000,000	7,750,000	7,250,000	Unused quota will not be renewed
2024	2024.06.25	15,000,000	1,710,000	13,290,000	Unused quota will not be renewed

(III) Implementation status of corporate bonds: None.

(IV) Implementation status of preferred shares: None.

(V) Implementation status of global depository receipts: None.

(VI) Implementation status of employee stock option certificates and the handling situation of restrict employee rights new shares: None.

(VII) Implementation status of mergers (including mergers, acquisitions and divisions): None.

(VIII) Implementation status of the funding utilization plan:

The Company does not have any previous issuances or private placements of securities that have not yet been completed, or that were completed in the past three years but whose planned benefits have not yet materialized.

IV. Operational Highlights

(I) Business activities content

1. Business Scope

(1) Main business content

1. CC01080 Electronic component manufacturing.
2. F118010 Information software wholesale industry
3. I301010 Information software service industry
4. F401010 International trade.
5. CC01110 Computer and its peripheral equipment manufacturing industry
6. CC01120 Manufacture and reproduction of data storage media industry.
7. CC01030 Manufacturing of electrical appliances and audio- visual electronic products
8. CC01060 Manufacturing of wired communication machinery and equipment.
9. CC01070 Manufacturing of wireless communication machinery and equipment.
10. I301030 Electronic information supply service industry
11. H701010 Residential and building development leasing and sales.
12. H701020 Lease and sale of industrial plant development.
13. I401010 General advertising services.
14. F399040 Retail without storefronts.
15. ZZ99999 In addition to licensed business, may operate business that is not prohibited or restricted by law
16. F401021 Import industry of telecommunications regulated radio frequency equipment.
17. E701010 Telecommunications engineering.
18. E701030 Telecommunications control radio frequency equipment installation engineering industry.
19. F113070 Wholesale of telecommunication equipment.
20. F213060 Retailing of telecommunications equipment.
21. CC01990 Other electrical and electronic machinery and equipment manufacturing.
22. E601010 Electrical appliance packaging industry.
23. E601020 Electrical installation.
24. E603010 Cable installation engineering industry.
25. E605010 Computer equipment installation industry.
26. E701020 Satellite TV KU channel, C channels equipment installation business.
27. EZ05010 Instrument and instrument installation engineering industry.

- 28. F113050 Wholesale of computers and office machinery and equipment.
- 29. F119010 Wholesale of electronic materials.
- 30. F213030 Retailing of computers and office machinery and equipment.
- 31. F218010 Information software retail industry.
- 32. I103060 Management consultancy.
- 33. I199990 other consultancy services.
- 34. I301020 Data processing services.
- 35. IE01010 Telecom business phone number agency business.
- 36. G902011 The second type of telecommunications business.
- 37. E801010 Interior decoration industry.
- 38. F111090 Wholesale of building materials.
- 39. F211010 Retailing of building materials.
- 40. G903010 Telecommunications business.

(2) Business proportion

Unit: Thousands of New Taiwan Dollars

Product name	2024	
	Amount of sales revenue	Sales ratio (%)
Satellite product	11,815	8.44
Data and labor service	32,211	23.00
Imaging products	95,632	68.27
Building product	413	0.29
Less: Sales Return	-	-
Total	140,071	100.00

(3) The Company's current products (services) and new products (services) planned to develop

A. Maritime Satellite Communication Service

Although the global sea level is larger than that of land, land is the main place of human habitation. It is convenient to wire and establish base stations to establish broadband networks and communications on land, while at sea we can only rely on satellites. Currently, most shipborne communications are Rely on Inmarsat satellites to provide dispatch tracking, as well as expensive narrowband services such as satellite phone, email, fax, etc. The technical cooperation between Lung Hwa and the internationally renowned Hughes Group, the world's largest supplier of satellite broadband products, will not only increase service quality and market competitiveness, but also develop satellite broadband application services and maritime Internet of Things systems to further gain dominance in satellite technology. Let the

international market see Taiwan's local satellite operating company. Lung Hwa has established 6 satellite ground receiving stations around the world, mainly in Taiwan, the United States, Australia, Japan, Italy and India. It has successfully completed global satellite broadband coverage, covering the Pacific, Atlantic, Indian Ocean and European waters. The world's major economic areas. Since most of the earth is covered by oceans, the oceans have various resources besides transportation and fishing. Therefore, various working platforms are built on the seas. Whether on ships or working platforms, communications and networks are extremely important. In addition to integrating high and low multi-orbit satellites covering major economic sea areas around the world to improve coverage and support low-latency communications, Lung Hwa has further integrated maritime ship-end equipment specifically designed for the ship environment to provide services to ocean-going customers. Fishing ships, cargo ships, merchant ships, transportation ships and offshore working platforms to ensure the reliability and efficiency of network system information. In the future, we will continue to develop maritime satellite-related hardware applications and value-added services surrounding image compression technology to penetrate markets such as shipping cargo ships, oil drilling platforms, drones, and unmanned ships and increase customer stickiness. With the development of maritime communications, the demand for applications such as the Internet of Things and smart ship management is gradually increasing, and the growth prospects of the maritime satellite communication business are foreseeable.

B. High-efficiency video compression imaging products

Videosoft focuses on the research, development, and commercialization of high-efficiency video compression technology. It has currently launched a globally unique, high-compression, low-latency real-time video compression solution specifically designed for remote streaming applications. The technology ensures high-quality and stable transmission even in unstable or extremely low bandwidth network environments (as low as 4kbps) and is widely applied in various fields such as drones, aviation, oil and gas, military and police defense, maritime satellite communications, and surveillance.

The current product portfolio includes industrial-grade real-time video, audio, and data streaming solutions, supporting real-time control and remote viewing, providing users with secure, reliable, and user-friendly integrated modules. In the future, the company will continue to expand into satellite network integration and real-time image applications in high-security communication environments. It will also develop a new generation of compression and transmission modules for extreme environments and special mission requirements.

2. Industry Overview

(1) Status and development of the industry:

A. Maritime Satellite Communication Service

The global maritime satellite communications market is worth US\$5.2 billion in 2022 and is expected to achieve strong growth during the forecast period to 2028, with a compound CAGR of 12.5%. Global maritime satellite communications are an important part of the modern maritime industry, providing ship operators with necessary connectivity and communication functions, including navigation support, safety, operational efficiency and crew welfare. Maritime satellite communication services provide ships with the ability to stay connected to the Internet, access real-time weather and navigation data, and maintain continuous contact with shore side authorities, thereby improving overall operational efficiency and safety. In addition, it allows crew members to stay in touch with friends and family and improves the quality of life during long voyages. As the maritime industry continues to evolve and become more reliant on digital technology, the demand for global maritime satellite communications is expected to continue to increase, ensuring that ships remain connected and responsive in an increasingly connected world.

At present, the maritime satellite communication market is still in its early stages of development. The global demand for maritime satellite broadband services mainly includes ocean-going fishing vessels, ocean-going merchant ships, oil tankers, cruise ships, offshore workstations and offshore fishing vessels. Since satellites are the only technology for maritime transmission, maritime Satellite applications are a rigid requirement. Taiwan's offshore fisheries and merchant ships are booming, and the demand for maritime satellite communications is very large. Taiwan's offshore fisheries are among the top three in the world, and their operating areas are spread across the three oceans (Pacific, Atlantic, and Indian Oceans). According to the latest statistics from Alphaliner100, four of the world's 30 largest container shipping companies are Evergreen Line (No. 7), Yang Ming Marine Line (No. 9), Wan Hai Lines (No. 11) and Dexiang Shipping (No. 21). Taiwan's fleet The scale ranks among the top ten in the world. Therefore, the demand for maritime satellite communication services covering the world is huge.

Currently, there are only a few operators with self-built high-orbit satellite master stations around the world, such as Inmarsat, Marlinnk, ITC Global, KVH and Speed cast. In China, here are manufacturers such as Inmarsat and Thuraya that provide satellite mobile communication services for aircraft and ships. However, in recent years, emerging low-orbit satellite operators such as Starlink and OneWeb have promoted the construction of satellite networks. Low-orbit satellite communications have expanded their diversified applications into mobile service scenarios such as aviation, ships, and vehicles, providing broadband transmission services within aircraft and ships. Larger capacity, higher speed, and diversified satellite communication services. Since Inmarsat, the world's first commercial satellite mobile communication system, began to operate, satellite communications have developed rapidly in the past 20 years.

Networking with low-orbit satellite systems has become a trend. Satellite systems for mobile communication application services have the goal of global coverage, and we hope to have more Deep into the oceans, remote lands and aviation industry. From a marketing perspective, it is impossible for low-orbit satellite systems to completely replace existing telecommunications networks and geosynchronous orbit satellite systems. A viable business model must still consider ultra-high-speed data transmission or other mission-critical services to be able to compete with today's There is a market segmentation for communication systems.

B. High-efficiency video compression imaging products

Against the backdrop of geopolitical tensions, heightened national security awareness, and increasing budgets for aerospace and military, police forces in various countries, the real-time and commercial satellite imagery processing market is growing rapidly. High-efficiency video compression technology has become a standard tool for military and security units, serving as a crucial instrument for ensuring security, enhancing command efficiency, and providing real-time battlefield response capabilities.

In addition, in response to climate change, environmental monitoring, disaster management, and global resource distribution issues, the demand for commercial satellite imagery is becoming increasingly urgent, and high compression technology can effectively support the fast transmission and remote application of large-scale image data.

Overall, this industry is entering a new phase of military-civil integration applications, extending from military to energy, transportation, agriculture, and urban governance, and is characterized by trends of high gross margins, high technical barriers, and high security requirements.

- (2) Interconnection among upstream, midstream and downstream industries:
- A. Maritime Satellite Communication Service
 - Upstream: satellite equipment suppliers, antenna manufacturers, satellite resource providers.
 - Downstream: ocean-going fishing vessels and merchant ships, oil tankers, cruise ships, offshore workstations, transportation vessels and offshore fishing vessels.

 - B. High-efficiency video compression imaging products
 - Upstream: Lung Hwa develops itself.
 - Downstream: ocean-going fishing vessels and merchant ships, oil tankers, cruise ships, offshore work stations, transportation ships, offshore fishing vessels, military, police and national defense and other government units of various countries.
- (3) Product development trends
- A. Maritime Satellite Communication Service
 - The development trend of the maritime satellite communication industry to achieve strong growth is mainly due to the growing demand for reliable, high-speed and global maritime communication services:
 - (a) Growing demand for reliable connectivity
 - The growing demand for reliable connectivity is a key driver for the growth of the global maritime satellite communications market. In today's connected world, the maritime industry has a growing need for continuous and reliable maritime communications. Ships traveling across vast oceans and remote locations require seamless connectivity to ensure safe navigation, efficient operations and timely decision-making. This connection is critical for accessing critical information, including weather updates, navigation data and emergency communications.
 - (b) Global coverage with satellite network
 - As the global maritime industry continues to expand due to increased trade and shipping activity, the need for robust satellite communications services has become even more apparent. Satellite communications systems provide comprehensive coverage well beyond that of terrestrial networks, making them an integral part of offshore operations in remote areas.

(c) High speed and uninterrupted connectivity are critical

The reliability of satellite communications is critical in emergencies and distress situations, allowing ships to send distress signals and facilitating rapid search and rescue operations. As the maritime sector grows and adopts digital technologies, the demand for high-speed and uninterrupted connectivity is expected to surge, thereby cementing the role of the global maritime satellite communications market as a key enabler of safety, efficiency and global trade in the maritime sector.

B. High-efficiency video compression imaging products

High-efficiency video compression imaging products are developing towards "intelligence, low latency, high integration, and high security." Future products will not only be image data compression tools but also core modules for front-end intelligent judgment and data security, possessing critical strategic value for the development of smart cities and various vertical industries.

(4) Industry competition situation

A. Maritime Satellite Communication Service

A few operators with self-built satellite master stations around the world, such as Inmarsat, Marline, ITC Global, KVH and Speed cast. In China, there are manufacturers such as Inmarsat and Thuraya that provide satellite mobile communication services for aircraft and ships. Thuraya's satellite coverage includes Europe, the Middle East, Africa, Asia and Australia. It is a regional satellite communication service and does not have global coverage. The data service rate it provides is only between 60kbps and 384kbps, which belongs to L- Band and S-Band narrowband service. Inmarsat can be divided into FBB L-Band narrowband service and Global Xpress Ka-Band broadband service. The data service rate of Inmarsat FBB is only about 432 kbps, which is L-Band narrowband service. Both Thuraya and Inmarsat FBB are narrow-band services, which are different in nature from the Ku-Band broadband communication services provided by Lung Hwa, that is, they are not competitors of Lung Hwa's same-level services.

Inmarsat Global Xpress is a major competitor of The Company. Although Lung Hwa is a later entrant, its main advantage is that Lung Hwa is the only local operator with qualified legal operating qualifications in Taiwan, having built six satellite ground stations to provide global satellite broadband coverage. Not only are satellite communication services available in Taiwan, but all maintenance centers and customer service centers are also located in Taiwan. However, Inmarsat's satellite communication services are not available in Taiwan and are not subject to the communications supervision and supervision of the Taiwanese government, raising national security and information security concerns. Moreover, Thuraya and Inmarsat, two communication services, only enter Taiwan through agents. For their services to local customers in Taiwan, the response time to customer problems usually takes several days, and they cannot provide instant response and quick service like Lung Hwa. In addition, both Inmarsat and Thuraya are closed satellite networks and cannot interface with other satellite networks. If you want to expand, you must add additional satellites; Lung Hwa's satellite network has the ability to interface with the HX satellite network of the global Hughes system. Due to its flexible connection, it has the ability to quickly develop and insert various value-added services at appropriate nodes of the satellite communication network to provide customers with more competitive killer applications.

	LHSat	Inmarsat	Thuraya
Global coverage	Y	Y	N
Broadband communications	Y	Y	N
Satellite coverage expandability	Flexibility to rent new satellites	Satellite must be added	Satellite must be added
Network scalability	With Hughes' HX network interface flexibility	Closed type	Closed type
Customer service speed	Fast	Slow	Slow
Communications Monitoring	Y	N	Y
Customized value-added services	Fast/resilient	Long duration	Long duration

In recent years, there has been a wave of low-orbit satellite communications around the world. As more and more low-orbit satellites are launched, their coverage becomes wider and wider, and their costs are reduced, they are different from traditional high-orbit synchronous satellites, which are expensive to build, have high launch costs, and are difficult to promote services, the rise of low-orbit communication satellite business opportunities will also bring huge business opportunities and impacts to the maritime satellite communication industry and the restructuring of the industrial ecological chain.

B. High-efficiency video compression imaging products

The field of high-efficiency video compression and imaging technology is a highly tech-intensive and patent-concentrated industry. The main competitors in the market currently include international companies such as Planet Labs Inc., DigitalGlobe Inc., and Galileo Group Inc. Their competitive strategies primarily focus on technological innovation, cross-border mergers and acquisitions, resource integration, and strategic alliances.

However, Videosoft has entered the market with its exclusive ultra-low bandwidth and high-efficiency compression technology, gaining favor from international satellite communication companies. It has successfully been implemented in military, police, and drone industries in multiple European and American countries, gradually establishing a moat in terms of technology and application.

In addition, the company emphasizes customized application integration, cross-domain deployment capabilities, and high stability advantages in harsh environments, establishing a differentiated position in the global high-end market. In the future, The Company will continue to strengthen international cooperation, expand patent layout and market share to solidify its leading position in the field of high-efficiency video compression.

3. Technology and R&D Overview

- (1) The research and development expenses invested in the most recent year and as of the printing date of the annual report.

Unit: Thousands of New Taiwan Dollars

Year	2024	2025 Q1
R&D expenses	45,595	8,541
Operating income	140,071	64,723
Revenue %	33%	13%

- (2) Successfully developed technologies or products

A. Maritime satellite communication business

In order to achieve the integrity of satellite communications and provide more interconnections, platforms and communication solutions under high-quality connections through the global NOC infrastructure, the Company's years of research and development results are as follows:

(a) Self-built satellite ground station

The infrastructure for global satellite coverage and reception has been completed, and a self-built satellite ground station has a global satellite network monitoring center in Taiwan. The Taiwan center is interconnected with all regional satellite networks and manages all local and roaming data traffic for billing and settlement.

(b) Maintenance customer service

Provide customer service 24/7, provide customers with explanation and consulting services, troubleshoot problems and effectively solve customer problems.

(c) Timely support from the original factory

By cooperating with various satellite original manufacturers, you can immediately obtain in-depth technical support from the original satellite manufacturers to provide better network quality and stability.

- (d) Intelligent ship management
Intelligent ship management includes more than 2,000 ship data, electronic chart displays and information system mass flow meters (MFM). From the ship to the cloud infrastructure, important and valuable ship data can be easily accessed to support the operational decisions of crew and management. Significantly reduce environmental footprint.
- (e) Telemedicine
Real-time video and voice communication with doctors, transmission of medical equipment diagnosis results, and assistance in remote emergency judgment.
- (f) Low bandwidth video
Exclusive image compression transmission technology and ultra-low data loss can save up to 80% of data usage costs.
- (g) LTE mobile data
Dynamic data routing between LTE mobile, Ku-band and L-band satellite networks controls data usage and duration for a single user through the firewall.
- (h) Behavior management
Behavior management uses next-generation firewall (NGFW) to manage user behavior and manage application access as needed. Integrated intrusion prevention Application awareness and control to block specific applications URL filtering to enforce policies on specific URLs Standard firewall capabilities.
- (i) VoIP network services
VoIP solutions extend services to customer premises on land. Through cooperation with Telstra and Chunghwa Telecom, LHSAT is able to assign local telephone numbers to ships. With number resources in more than 90 countries around the world, LHSAT can directly make local calls to ships without paying expensive satellite or international phone charges. High-efficiency video compression imaging products
- (j) The iNSPIRE series products
The iNSPIRE series products can integrate large cabinets on ships into small desktops, combining high and low orbit antenna conversion.

B. High-efficiency video compression imaging products

The results of years of research and development are as follows:

- (a) Automatic, adaptable, and reliable video streaming overcomes the worst bandwidth- deficient areas of the network.
- (b) Through streaming transmission as low as 4kbps, data transmission costs are greatly reduced.
- (c) Remotely monitor multiple areas of interest, allowing users to operate real-time surveillance videos from anywhere in the world.
- (d) Total Recall TM image enhancement feature allows users to select any area from the stream, regardless of quality, to quickly download high-resolution images and videos, providing detailed visual confirmation of events.
- (e) With an extensive feature set, this selection provides the flexibility to meet operational needs. Whether it's a fully integrated deployable camera, a standalone hardware encoder or software-based products for Linux, Android and iOS, they have a diverse set of options to meet unique needs.
- (f) The program code library is portable and easy to install across multiple processor platforms.

(3) Future annual research and development plan

A. Develop products suitable for future diverse satellite market applications and rapidly expand satellite communication channels

(a) Integrate multi-orbit satellite communication services

Mid- and low-orbit satellites support low-latency communications, and high-orbit satellites improve coverage by integrating multi-orbit satellite communication services to cover a wider area, achieve low-latency data transmission, and improve satellite communication efficiency.

- (b) Develop heterogeneous network integration inspire series product line

The integrated application system is developed based on the integration of LEO/GEO/5G heterogeneous networks and the standardized solutions designed and developed with industry standards based on Lung Hwa's years of experience in maritime satellite services. Targeting operational services and terminal equipment, it provides narrowband, we provide broadband, LTE and other full-bandwidth antenna products, and develop maritime ship-end equipment specifically designed for the ship environment, strengthening global coverage and signal combination, and providing maritime business customers with more options.

- (c) Develop high-value-added smart ship applications such as image transmission, monitoring, and the Internet of Things, and continue to increase the demand for maritime satellite applications, such as cold chain, refrigeration and air-conditioning and other Internet of Things application monitoring data.

- B. Provide software and hardware solutions designed for bandwidth-efficient video streaming applications in the fields of maritime, land, air, CCTV, IoT, AI, covert and tactical video surveillance.

- (a) Provide complex engineering solutions to corporate and government customers.
- (b) Expand the huge business opportunities of drones.
- (c) Provide real-time industrial monitoring through AI artificial intelligence video streaming.

4. Long and short term business development plans

(1) Short term plan

- A. Gain insight into and understand customer needs, achieving value creation with a "customer-centric" approach.
- B. Continue to develop new products, expand new markets and new customers, and strengthen market development capabilities.
- C. Establish a subsidiary in the United States and actively strive for military, police, defense, and commercial OEM orders in the Americas.

- D. Improve R&D and operational capabilities, increase partners or cross-industry cooperation, and expand online value-added services.
- E. Optimize cost efficiency through multi-orbit satellite operations and product diversification.
- F. Through the coordinated operation of the parent company and its subsidiaries, the synergy of the group's strategies can be unleashed.

(2) Long term plan

- A. Prospectively layout B5G/6G development, grasp the emerging technology trends of 6G, satellite communications, AI artificial intelligence, and the Internet of Things, actively invest in the development of new types of satellite communication products, and expand significant business opportunities in the future communications market.
- B. Be committed to becoming the global leader in delivering high-quality, low-latency, real-time video over any wireless network.
- C. Strengthen the functions of Taiwan's operating headquarters and carry out global business development with Taiwan as the center and the world as the hinterland.
- D. Actively implement the spirit of "widening alliances, mutual benefit and common prosperity", actively enter the international ecosystem, and invest in the development of innovative satellite communication application services with potential.
- E. Through the exclusive operational licensing of enterprise sovereign AI agent technology, focus on the data automation and collection needs of small and medium-sized enterprises to develop diversified revenue models.

(II) Market and production and sales overview:

1. Market analysis

(1) Sales areas of the Company's main products (services)

Unit: Thousands of New Taiwan Dollars

Area \ Year	2024	
	Amount	Proportion(%)
Asia	49,279	35.18%
Europe	51,325	36.64%
North America	35,330	25.22%
Oceania	4,137	2.95%
Total	140,071	100.00%

(2) Market share ratio

A. Maritime satellite communication business

Taiwan's maritime-related markets are also quite prosperous. For example, offshore fisheries rank among the top three in the world, and shipping ranks among the top ten in the world. This makes Taiwan relatively a country with a certain market size in the maritime satellite bandwidth industry. Lung Hwa is the only local operator that has obtained qualified legal operating qualifications in Taiwan and built 6 self-built satellite ground stations to complete global satellite broadband coverage. It has been deeply involved in the satellite communications market for a long time. As the construction of maritime satellite coverage is gradually completed and Legal operating qualifications will gradually increase market share.

B. High-efficiency video compression imaging products

The global commercial satellite imaging market size in 2023 reached US\$4.031 billion, and it is expected that the market size will reach US\$5.64 billion in 2025 and US\$9.86 billion by 2030. Military and defense applications account for the largest market share ratio, and with the increasing global security demands, military applications continue to be the main driver of the market.

Videosoft has established cooperation with multiple international satellite service companies and is widely integrated into real-time image return and surveillance by military and defense units in Europe, America, and Asia-Pacific countries. Especially in applications such as drones, aviation, oil, and natural gas, the business is growing rapidly, effectively expanding market share.

Currently, Videosoft's products have entered the high-end application markets in the United Kingdom, the United States, France, Canada, Australia, and many countries in Asia, gradually establishing a technological leadership position in the field of high-efficiency, low-bandwidth real-time compression transmission technology.

(3) Future supply and demand situation and growth of the market

A. Maritime satellite communication business

It is expected that the global maritime satellite communications market will reach US\$4.7 billion by 2028, with a compound annual growth rate of 7.8% from 2023 to 2028. Mainly due to the growing demand for better maritime communications for operations, on-board safety and surveillance, social welfare of employees and passengers, growing global demand for ship and cargo tracking, and increasing preference for cloud-based communication systems. The global maritime satellite communications market has broad prospects, and there are great business opportunities and growth in merchant ships, fisheries, passenger ships, leisure ships, offshore engineering, and government fields.

B. High-efficiency video compression imaging products

According to industry reports, the commercial satellite imaging market is expected to reach US\$7.725 billion by 2028, with a compound annual growth rate (CAGR) of 11.84% during the forecast period, demonstrating high growth potential and strategic value. The demand in this market is mainly driven by three major application areas:

Firstly, in the defense and security sector, as global geopolitical tensions continue to rise, the demand for military reconnaissance, border surveillance, and intelligence gathering has significantly increased, driving the growth of high-resolution satellite imagery applications.

Secondly, the promotion of smart cities and infrastructure is also a key driver. Governments around the world are actively incorporating satellite imaging technology into urban planning, traffic management, public infrastructure monitoring, and environmental management to enhance the efficiency and security of urban governance.

Third, in the fields of agriculture and environmental monitoring, satellite imaging technology is widely used to instantly grasp the growth status of crops, changes in hydrological conditions, and climate anomalies. This assists in improving agricultural production efficiency and enhancing disaster warning and environmental protection capabilities.

Looking to the future, as the construction of smart cities accelerates, climate change issues receive increasing attention, and the privatization and commercialization trends in space technology intensify, the application fields of commercial satellite imaging will continue to expand, generating higher added value across various industries.

(4) Competitive niche

- A. The only local satellite communication operator has obtained legal operation in Taiwan and built 6 satellite master stations to complete global satellite broadband coverage

Lung Hwa has obtained the qualified legal operating qualifications and licenses in Taiwan from the Ministry of Digital Information Technology with its strong corporate capital, operating credit and market foothold as a listed company. It is also the only local operator to have built 6 self-built satellite ground stations to complete global satellite broadband coverage., not only the satellite communication service has been launched in Taiwan, but all maintenance centers and customer service centers are also in Taiwan. Based on local operations and local services, it has also entered the international market to provide truly seamless international maritime satellite communication services.

- B. Implement the implementation of information and the operation model of information security and national security, so that users can rest assured and the country can rest assured

Lung Hwa has obtained the legal operating qualification in Taiwan from the Ministry of Digital Development and built 6 self-built satellite ground stations to complete global satellite broadband coverage. All the satellite lines and network equipment it operates are legal and compliant, which can prevent distant-water fishing vessels from mistakenly using Singapore traders. Or French traders or privately applied for satellite lines or equipment from mainland China or Hong Kong and violated Taiwan's fishery laws. As a result, fishing ship owners who used illegal satellite lines were fined heavily and were even punished to withdraw fishery oil subsidies. Therefore, Lung Hwa implements information implementation and information security and national security operating models to reassure users and the country.

- C. Provide excellent product quality and establish a good customer base
Lung Hwa has the ability to build its own main station. Through the professional technology and knowledge of the main station, it can develop the application services required by customers or develop other value-added services and hardware equipment, which can be used in maritime satellite communication services in the future. For example: voice/video conversation, drone connection/(remote) control, navigation and monitoring, and telemedicine, etc. In order to provide better services, Lung Hwa actively cooperates with global satellite communication technology companies in order to provide customers with better and high-quality service products. After years of intensive operation, it has gained a deep reputation among customers and has established a good customer base, which is conducive to the development of new customers.
- D. Control software and hardware development capabilities and increase product competitiveness
We focus on improving our software capabilities and strengthening the Company's R&D capabilities. Currently, the software and hardware of new products are independently designed and developed by the Company, and we can control product maintenance by ourselves. Revenue will not be affected by software and hardware coordination issues. It can also improve the quality of service to customers.
- E. Innovate business models and build a maritime mobile service platform
Maritime navigation is most afraid of accidents. Whether it is climate data or ocean current changes, it is indispensable information. However, it is difficult and expensive to obtain information at sea compared to land. In particular, distant-water fishing vessels may miss the fishing season due to delays in obtaining information., the maritime satellite broadband service jointly developed by Lung Hwa and Hughes not only has a stable network, fast speed and competitive price, but in the future, obtaining information while sailing at sea will be as convenient and real-time as traveling on land.

- F. Develop unique market-leading sea, land and air satellite communication network integration solutions and become a global leader

Lung Hwa has global coverage of multi-orbit satellite communication services and combines the efficient video compression technology products of Youshi. Through the coordinated operation of the parent and subsidiary companies, Lung Hwa leverages the synergy of the group's strategies to jointly develop sea, land and air satellite communication network integration solutions that are unique in the world. Global leader.

- (5) Advantages, disadvantages and countermeasures of development prospects

A. Favorable factors

- (a) The only local satellite communication operator that has obtained legal operation in Taiwan and built 6 satellite master stations to complete global satellite broadband coverage.
- (b) Implement information implementation and information security and national security operating models, so that users can rest assured and the country can rest assured.
- (c) Solid corporate capital and operating credit, able to be down-to-earth.
- (d) Local operations, local services and entry into the international market, providing truly seamless international maritime broadband satellite communication services.

B. Disadvantages

- (a) In the absence of strict regulations, non-qualified manufacturers or licensed manufacturers can freely attract users and installers, resulting in a serious phenomenon of bad money driving out good money, which may lead to poor development of the satellite communications industry. For manufacturers and enterprises that provide compliance services It will never take root and grow.
- (b) Situations such as sky rights and communication rights continue to occur. Non-qualified manufacturers use the name of foreign ships to apply for radio frequency equipment and obtain NCC licenses.

C. Response measures

- (a) Actively develop towards B5G/6G, seize the century-long wave of rapid development of 6G, satellite, and AI future communications, and actively layout and develop new types of satellite communications products to create huge business opportunities.
- (b) Through the coordinated operation of the parent company and its subsidiaries, the synergy of the group's strategies is brought into play. At the same time, the Group works closely with customers, suppliers and government resources to maintain a flexible and flexible business model to cope with the challenging market environment.
- (c) Obtain low-cost funds through diversified financing channels and tools in the capital market, continue to expand business and reduce financial risks.
- (d) Actively implement the spirit of "widening alliances, mutual benefit and common prosperity", actively enter the international ecosystem, and invest in the development of innovative satellite communication application services with potential.

2. Important uses of main products and the production process

(1) Important uses of main products:

A. Maritime satellite communication business:

On land, through the deployment of base stations, the Internet can achieve high-speed and stable connections, reaching the goal of information being accessible everywhere. However, due to the inability to set up traditional base stations in the maritime environment, internet connections are limited, and can only rely on satellite communication and ground station technology to establish connections. Lung Hwa Electronics' **maritime satellite broadband business** is promoted through satellite bandwidth leasing, combined with the main stations deployed globally by The Company, successfully realizing maritime Internet services, enabling ships navigating at sea to enjoy convenient Internet connections as they do on land.

In addition, the Company has also integrated Internet infrastructure and developed multiple application platforms, including **CCTV monitoring systems, intelligent ship management platforms, telemedicine systems**, and more, to comprehensively enhance the informatization and safety of maritime operations, effectively strengthening the reliability and application value of the maritime communication environment.

B. High-efficiency video compression imaging products

With the continuous upgrading of imaging technology, the image definition is increasingly improving, leading to a significant increase in image file capacity, which in turn increases the transmission burden. Videosoft's high-performance image compression technology can effectively alleviate this challenge, whether in maritime applications, rural areas, or even in the field of military defense, significantly enhancing the ability of users and monitors to grasp the current situation in real time. This technology not only reduces the cost burden brought by high-bandwidth transmission but also accelerates data exchange and real-time transmission between new technologies, effectively achieving information synchronization and improving communication efficiency.

(2) Production process: Not applicable. The Company is not a manufacturing enterprise.

3. Supply status of main raw materials

The Company adopts a diversified approach to raw material procurement, maintaining at least two suppliers to diversify risk, avoid supply interruption, and strengthen bargaining power. So far, the Company has maintained good cooperative relations with all major suppliers, there has been no disruption in supply, and it is expected that the supply of raw materials will remain stable with no risk of shortage in the future.

4. Major sales customers in the last two years

Unit: Thousands of New Taiwan Dollars

Item	2023				2024				2025 as of the First Quarter			
	Name	Amount	Proportion of Total Annual Consolidated Net Sales [%]	Relationship with Issuer	Name	Amount	Proportion of Total Annual Consolidated Net Sales [%]	Relationship with Issuer	Name	Amount	Proportion [%]	Relationship with Issuer
1	A	18,141	17.01	—	A	Not applicable	Not applicable	—	A	Not applicable	Not applicable	—
2	B	Not applicable	Not applicable	—	B	33,040	23.59	—	B	Not applicable	Not applicable	—
3	C	Not applicable	Not applicable	—	C	Not applicable	Not applicable	—	C	40,052	61.88	—
4	Other	88,530	82.99	—	Other	107,031	76.41	—	Other	24,671	38.12	—
	Net sales	106,671	100.00	—	Net sales	140,071	100.00	—	Net sales	64,723	100.00	—

Note 1: List the name of the customer whose total sales amount exceeds 10% in the last two years, as well as the sales amount and proportion, but if the name of the customer cannot be disclosed due to the contract or the transaction partner is an individual and not a related party, it can be coded.

Change of increase or decrease: The changes in sales amount and ratio are mainly due to changes in customer product demand.

5. Major purchasers in the last two years

Unit: Thousands of New Taiwan Dollars

Item	2023				2024				2025 as of the First Quarter			
	Name	Amount	Proportion [%]	Relationship with Issuer	Name	Amount	Proportion [%]	Relationship with Issuer	Name	Amount	Proportion [%]	Relationship with Issuer
1	A	18,122	39.63	—	A	Not applicable	Not applicable	—	A	Not applicable	Not applicable	—
2	B	3,887	8.50	—	B	Not applicable	Not applicable	—	B	Not applicable	Not applicable	—
3	C	Not applicable	Not applicable	—	C	3,898	40.60	—	C	2,064	42.97	—
4	D	Not applicable	Not applicable	—	D	1,903	19.82	—	D	Not applicable	Not applicable	—
5	E	Not applicable	Not applicable	—	E	1,872	19.49	—	E	Not applicable	Not applicable	—
6	F	Not applicable	Not applicable	—	F	Not applicable	Not applicable	—	F	1,730	36.01	—
7	G	Not applicable	Not applicable	—	G	Not applicable	Not applicable	—	G	871	18.13	—
8	Other	23,724	51.87	—	Other	1,928	20.09	—	Other	139	2.89	—
	Net Purchase	45,733	100.00	—	Net Purchase	9,601	100.00	—	Net Purchase	4,804	100.00	—

Note 1: List the name of the supplier whose total purchase amount is more than 10% in the last two years, and the purchase amount and proportion, but due to the contract agreement if it is possible to disclose the name of the supplier or the transaction object is an individual and not a related party, it may be code-named.

Change of increase or decrease: The changes in purchase amount and ratio are mainly due to changes in customer product demand.

(III) Employee information for the last two years and as of the printed date of the annual report

May 1, 2025

Year		2023	2024	As of May 1, 2025
Staff number	Direct personnel	0	0	0
	Indirect personnel	38	27	28
	Total	38	27	28
Average years of service		3.13 years	3.77 years	3.38 years
Average age		42.81 years old	41.23 years old	40.65 years old
Academic distributed	Ph.D.	12	10	10
	University (special)	26	17	18
	High school	0	0	0
	Below high school	0	0	0

(IV) Environmental protection expenditure information for the most recent year and as of the publication date of the annual report:

The amount of losses and penalties suffered due to environmental pollution in the most recent year and as of the publication date of the annual report: None.

Estimated amount of current and possible future response measures: The Company has no environmental pollution.

The relevant information of our company in compliance with the EU Environmental Protection Directive (RoHS) is as follows:

Our company's products are not directly or indirectly exported to Europe or involve the EU Environmental Protection Directive (RoHS) related regulations.

(V) Labor relations

1. Employee welfare measures, further education, training, retirement systems and their implementation, as well as agreements between labor and management and various employee rights protection measures

- (1) Employee benefit plans

The Company recognizes that employees are an important driving force for the Company's growth. Based on the concept of unity and harmony to create profits, the Company has established an employee welfare committee to handle employee welfare matters.

- (2) Continuing education and training:

The Company encourages all employees to improve their personal quality, increase their work skills and enhance their team spirit through education and training in order to cultivate employees' work skills, refine their own learning and skills, and improve their skills to effectively achieve human resource development.

- (3) Retirement system and its implementation

According to the provisions of the Labor Standards Law, the Company has established employee retirement methods. On July 31, 1999, the Labor Retirement Reserve Fund Supervision Committee was established. The Company allocated 2% of the total monthly salary of employees to the Central Trust Bureau. Household. Because the Company's production unit has moved to the mainland, the Company agreed to close the labor retirement reserve account on October 30, 2008 with the consent of both the labor and management and the resolution of the Labor Retirement Reserve Supervision Committee. In addition, according to the employee retirement method stipulated in the labor pension regulations, starting from July 1, 2005, 6% of the total monthly salary of employees will be transferred to the individual pension account of the Labor Insurance Bureau to ensure the rights and interests of laborers.

- (4) Labor agreement situation

The Company belongs to the industry where the Labor Standards Law applies, and all operations are based on the Labor Standards Law. Therefore, no labor disputes have occurred so far.

2. In the past two years and as of the publication date of the annual report, the Company has suffered losses due to labor disputes, and disclosed the estimated amounts and countermeasures that may occur currently and in the future:

The Company attaches great importance to the welfare and training of employees on weekdays. So far, no labor disputes have occurred, and operations have not been affected by labor disputes. According to the current situation, there are no potential factors for labor problems. Therefore, it is expected that labor disputes will cause losses in the future. The possibility is extremely slim.

(VI) Information security management:

1. Describe the information security risk management framework, information security policies, concrete management programs, and investments in resources for information security management.

(1) Risk management framework:

- A. Strengthen the Company's information security, improve the information security management system, and ensure the effective operation of the information security management system. The Information Security Management Committee (hereinafter referred to as the Committee) is specially established to promote and maintain various management, execution and inspection tasks proceed. This committee is composed of the general manager, the chief information officer, the head of the management department, the audit manager, and colleagues from the technical support team of the asset management department. The chief information officer is also the convener and can invite relevant personnel to hold a meeting when necessary.
- B. Implementation situation in 2024: To improve the Company's information security management capabilities, to hold an information security management review meeting to review the current situation and future direction of information security development and ensure the continuous operation of the information security management system. For information security policies and measures, information security education and training, computer room management measures, installation of surveillance camera equipment, important data backup and restoration drills, VPN management measures, firewall policies, external personnel using the Company's network norms, etc. Improve and revise after discussion to make the information security management mechanism better and complete.

- (2) Information security policy:
- A. Purpose: Since information security is the basis for maintaining the safe operation of various services, in order to ensure the Company has a consensus to implement the mission of information security, a specific information security policy is formulated as the basis. The highest guiding principle of the Company's information security management system.
 - B. Goal: The Company's information security goal is to ensure the confidentiality, integrity, availability, and compliance of the core system management business. And define and measure the quantitative indicators of information security performance according to each level and function to confirm the implementation status of the information security management system and whether the information security goals are achieved.
 - (a) Confidentiality: Any sensitive information of the Company should be prevented from being disclosed on the Internet.
 - (b) Integrity: The correctness of the Company's sensitive information should be ensured.
 - (c) Availability: Make sure that the important data held by the Company is backed up.
 - (d) Law compliance: my country's relevant laws (such as: Personal Data Protection Law, Business Secret Law, Intellectual Property Law) should be followed to avoid infringement of the rights and interests of the Company or third parties.
- (3) Specific management plan and resources invested in information security management:
- A. Information asset management: All information assets need to be properly handled and protected according to their nature and the way in which they exist. The information level must be clearly marked according to the characteristics of the information assets as the operating criteria for all relevant personnel.
 - B. Access control management: control the access of colleagues and third-party personnel to assets, networks, systems, applications and information related to service operations, prevent any unauthorized access, and protect alertness. No risk of theft or destruction of data or equipment.

- C. Network security management: The network is divided into external network and internal network, which are separated by network gateway equipment. Regularly detect security loopholes in the network operating environment. Apply monitoring measures to ensure record keeping of security related activities.
 - D. Physical and environmental safety management: protect the Company's equipment and surrounding facilities, and reduce the chances of assets being stolen, damaged, or lost due to environmental safety, equipment operation, maintenance, and management negligence or improper management, so as to achieve the goal of safety control purpose.
 - E. Information system development management: An assessment of security function requirements should be carried out before system purchase or development. During the development process, it is necessary to ensure that developers properly divide the access rights of source codes and sensitive data and ensure that information systems are in the process of data processing. The correctness of the system and the security of the system development environment.
2. List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided. No such case.

(VII) Important contract:

Apart from general commercial transactions, the Company has not currently signed any significant contracts. In addition, the Company also discloses "significant contingent liabilities and unrecognized contractual commitments" in the financial reports on the public information observatory.

V. Review, Analysis and Risks Assessment of Financial Status and Financial Performance

(I) Review and analysis of financial status

Financial Situation Comparative Analysis Form

Unit: Thousands of New Taiwan Dollars

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	258,603	294,731	(36,128)	(12)
Property, plant and equipment	200,955	220,341	(19,386)	(9)
Intangible assets	229	290	(61)	(21)
Other assets	135,984	150,076	(14,092)	(9)
Total assets	595,771	665,438	(69,667)	(10)
Current liabilities	214,130	230,094	(15,964)	(7)
Non-current liabilities	71,978	143,501	(71,523)	(50)
Total liabilities	286,108	373,595	(87,487)	(23)
Share capital	576,050	532,750	43,300	8
Capital reserve	210,250	405,386	(195,136)	(48)
Retained surplus (loss to be made up)	(496,419)	(659,150)	162,731	25
Other interests	659	234	425	182
Treasury stock	0	0	0	0
Equity attributable to owners of the parent company	290,540	279,220	11,320	4
Total shareholders' equity	309,663	291,843	17,820	6
<p>1. Analysis of changes with an increase (decrease) ratio exceeding 20%: Decrease in intangible assets: Mainly due to monthly fixed amortization. Decrease in non-current liabilities: Mainly due to the reduction in long-term borrowings and lease liabilities. Decrease in total liabilities: Mainly due to the reduction in non-current liabilities. Decrease in capital reserve and offsetting deficits: Mainly due to using capital reserve to offset deficits. Increase in other interests: Mainly due to the increase in exchange gains from the translation of the financial statements of foreign operating entities this year.</p> <p>2. Future response plans: Lung Hwa has gradually established brand recognition in the field of maritime satellite broadband services. In the future, it will actively strengthen its R&D and operation capabilities. The Company has established subsidiaries such as Videosoft in the United States to enhance services for customers in the Americas, and Sandi Intelligence to promote services in the AI-related field. It is expected to continue promoting stable growth in operations in 2025.</p>				

(II) Review and analysis of financial performance

Analysis of Changes in Operating Results

Unit: Thousands of New Taiwan Dollars

Item	Year		Increase (decrease) change	
	2024	2023	Amount	(%)
Operating income	140,071	106,671	33,400	31
Operating profit (loss)	(33,950)	(61,635)	27,685	45
Operating profit and loss	(191,820)	(188,820)	(3,000)	(2)
Non-operating income and expenses	6,594	(10,122)	16,716	165
Net profit before tax	(185,226)	(198,942)	13,716	7
Income tax expense	0	0	0	0
Net profit (loss) for the period	(185,226)	(198,942)	13,716	7
Other comprehensive gains and losses for the period (net of tax)	816	518	298	58
Total comprehensive profit and loss for the period	(184,410)	(198,424)	14,014	7
Net profit attributable to the owner of the parent company	(187,104)	(194,560)	7,456	4
The total comprehensive profit and loss is attributable to the owner of the parent company	(186,567)	(194,133)	7,566	4
1.	Analysis of changes with an increase (decrease) ratio exceeding 20%: Increase in operating income: Mainly due to the continued growth in global market demand for surveillance system software and hardware, coupled with increased investment in security infrastructure by governments and enterprises, resulting in a significant increase in The Company's related business income in 2024 Year compared with 2023 Year. Decrease in operating gross loss: Mainly due to the increase in operating income. Increase in non-operating income: Mainly due to obtaining a research and development subsidy project commissioned by the Ministry of Economic Affairs to the Taiwan SME Joint Counseling Foundation in 2023, with subsidy income recognized in 2024 amounting to NT\$20,636 thousand. Increase in other comprehensive gains and losses for the period: Mainly due to the increase in exchange differences from the translation of the financial statements of foreign operating entities.			
2.	The expected sales volume and its basis, the possible impact on the Company's future financial business and the response plan: In the post-pandemic era, economic recovery and the increase in maritime shipping have deepened the reliance on network bandwidth. In the maritime satellite broadband market, there are still not many competitors, and Lung Hwa is actively engaged in the development of next-generation software, hardware, and other peripheral products to enhance customer stickiness to Lung Hwa's satellite services. The subsidiary's image compression technology has also gained recognition in the European and American markets. As subsequent orders gradually materialize, future business development is expected to continue expanding, and the prospects for operations are promising.			

(III) Review and analysis of cash flow

1. Cash flow analysis of the 2024 consolidated financial statements:

Unit: Thousands of New Taiwan Dollars

Beginning of the year cash balance	Net cash flow from business activities all year round	Annual cash outflow	Cash surplus (insufficient) amount +\-	Remedial measures for cash insufficiency	
				Capital increase plan	Financing plan
176,847	(98,752)	(136,634)	(58,539)	145,240	52,739
<p>1. The net cash outflow from operating activities is approximately 98,752 Thousand, mainly due to the increase in activities such as the satellite business and imaging software sales.</p> <p>2. Net cash outflow from investing activities is approximately NT\$24,056 Thousand, mainly due to the increase in investment time deposits.</p> <p>3. Net cash inflow from financing activities is approximately NT\$82,111 thousand, mainly due to continued cash capital increase.</p>					

2. Cash flow analysis of the 2024 parent company only financial statements:

Unit: Thousands of New Taiwan Dollars

Beginning of the year cash balance	Net cash flow from business activities all year round	Annual cash outflow	Cash surplus (insufficient) amount +\-	Remedial measures for cash insufficiency	
				Capital increase plan	Financing plan
136,555	(79,301)	(133,331)	(76,077)	145,240	42,739
<p>(1) Net cash outflow from operating activities is approximately NT\$79,301 thousand and was mainly due to the increase in accounts receivable, inventory and other activities.</p> <p>(2) Net cash outflow from investing activities is approximately NT\$20,752 thousand, mainly due to the acquisition of financial assets measured at amortized cost.</p> <p>(3) Approximate net cash inflow from financing activities NT\$72,111 thousand, mainly due to long-term borrowing and lease principal repayment, and cash capital increase.</p>					

3. Improvement plan for insufficient liquidity: In 2024, cash capital increase was used to cover the purchase of materials, equipment and operating expenses, so there is no liquidity risk due to inability to raise funds in working capital operations.

4. Cash liquidity analysis in the next year: Omitted.

(IV) The impact of major expenditures in the recent year on the finance and operations

1. Application status and funding sources of major capital expenditures:
Lung Hwa purchased equipment NT\$6,272 thousand in 2023 and 2024, and the funding sources were mainly cash capital increase, its own operating funds, and financing loans.
2. It is expected that the benefits may be generated:
Lung Hwa cooperated with the Hughes Group to meet the operational needs of the international market, it set up communication equipment for the five oceans, and the related setup has been completed. Cooperating with Hughes Group's satellite technology to improve network speed or stability and better cooperation, it can provide customers with better technology and services than existing competitors, making Lung Hwa more competitive and cooperative in the market. Vessels need to assist with customized needs, and orders for fishing boats, merchant ships, and wind power maintenance ships will also be continuously added. Through diversified product operations, Lung Hwa can continue to expand in maritime services.

(V) Reinvestment policy in the most recent year, main reasons for its profits or losses, improvement plans and investment plans for the next year:

December 31, 2024; Unit: Thousands of New Taiwan Dollars

Item	Investment amount	Policy	Amount of recognized profit (loss) for the year	Main reasons for profit or loss	Improve plan	Investment plan for the next year
Videosoft Global Co., Ltd.	\$ 69,850	According to the resolution of the Board of Directors	(2,686)	The expansion of operations has led to an increase in related personnel expenses.	None	None

(VI) Risk management assessment:

1. The impact of interest rates, exchange rate changes, and inflation on the Company's profits and losses and future response measures

Unit: Thousands of New Taiwan Dollars; %

Item	2024 (parent company only financial statements)	2024 (consolidated financial statements)
interest expense	11,688	11,786
Interest expense to net revenue ratio	26.29%	8.41%
Interest expense to net profit before tax ratio	(6.52)%	(6.36)%
Exchange gains and losses	(5,462)	(5,699)
Exchange benefits to net revenue ratio	(12.29)%	(4.07)%
Ratio of exchange benefits to net profit before tax	(2.92)%	(3.08)%

(1) Interest rate

The consolidated financial statements for 2024 show that the interest expense was NT\$11,786 thousand, accounting for 8.41% of revenue and 6.36% of net profit before tax ratio. Meanwhile, the individual financial statements show it was 11,688 thousand, accounting for as much as 26.29% of revenue, highlighting the pressure of interest costs on profitability. In the future, as we develop new products and expand into new markets and new customers, it is expected that revenue and profits will increase, and cash capital increase will be used as one of the financing sources to reduce the interest burden on long-term loans.

(2) Exchange rate

The Company's proportion of export sales has gradually increased in recent years. Sales and raw material purchases are mainly priced in U.S. dollars. The Taiwan dollar depreciated significantly in 2024. Therefore, changes in the exchange rate of the New Taiwan dollar against the U.S. dollar have a certain impact on the Company's profit level. According to the consolidated financial statements for 2024, the net exchange loss reached NT\$5,699 thousand, accounting for approximately 4.07% of revenue and 3.08% of net profit before tax ratio. The individual financial statements also show a loss of NT\$5,462 thousand.

The Company's response to the risk of exchange rate changes is mainly to use U.S. dollar- denominated purchase and sale transactions as natural hedging, and through foreign currency assets and liabilities to flexibly adjust according to exchange rate fluctuations. In order to reduce the impact of exchange rate changes on the Company's earnings, the Company has taken specific measures The measures are as follows:

- A. For the foreign exchange positions held, fully understand the exchange rate trends and refer to the professional consulting services provided by various financial institutions to decide when to convert to New Taiwan Dollars or retain the foreign exchange positions to reduce exchange rate risks.
- B. During the quotation and negotiation process, business personnel also measure changes in exchange rates and adjust prices to appropriately reflect changes in exchange rates.
- C. Collect international financial information and exchange rate changes at any time, maintain close contact with banks, keep abreast of exchange rate changes, and flexibly adjust loan currencies to keep abreast of exchange rate changes.

(3) Inflation

The Company pays attention to inflation and appropriately adjusts product selling prices and raw material inventories. So far, inflation has not affected the Company's operations, but the possible impact of the increase in various raw materials on the Company continues to be closely monitored.

2. Policies for engaging in high-risk, high-leverage investments, lending funds to others, endorsement guarantees, and derivatives transactions in the most recent year, the main reasons for profits or losses, and future countermeasures: None.

3. Future R&D plans and expected investment in R&D expenses.

R&D project name	Present schedule	Estimated investment R&D expenses	Expected mass production time	Factors for success in future research
Mobile high and low orbit intelligent communication system development plan	Integration testing stage	Total planned NT\$72,310 thousand In this year, NT\$18,239 thousand was invested.	October 2025	1. Clear target market needs 2. Master key technologies 3. Obtain subsidy from the Ministry of Economic Affairs

4. The impact of important domestic and foreign policy and legal changes on the Company's financial business and the corresponding measures: None.
5. The impact of technological changes (including information security risks) and industrial changes on the Company's financial business and response measures: None.
6. Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response: None.
7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken: None.
8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken: None.
9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken:

Since the satellite broadband business cooperates with the Hughes Group, key materials must be purchased through Hughes. Other materials will be purchased by the Company itself. Take necessary measures to avoid the risk of concentration of goods.

The Company is currently promoting the development of new customers for the maritime satellite broadband business mainly in Taiwan. However, since this business is mainly based on the international market, the Company will continue to expand overseas markets, and business momentum is just around the corner.

10. Effect upon and risk to the Company in the event a major quantity of shares belonging to a Director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: None.
11. 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.
12. Litigation or non-litigation matters: None.
13. Other important risks, and mitigation measures being or to be taken: None.

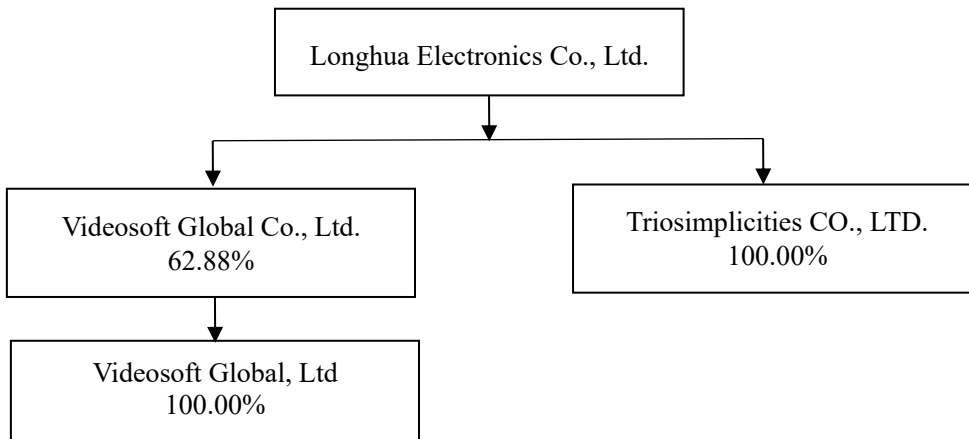
(VII) Other important matters: None.

VI. Special Disclosure Items

I. Related information of affiliates:

(I) The affiliated enterprise consolidated business report

1. Organizational chart of affiliated enterprise:



2. Basic information of each affiliated enterprise:

May 1, 2025

Unit: Unless otherwise specified, in thousands of NT dollars

Company name	Date of incorporation	Address	Paid-in capital	Main business or production project
Lung Hwa Electronics Co., Ltd.	1973.01.24	15th Floor, No. 32, Section 3, Bade Road, Songshan District, Taipei City	579,850	1. Computer and its peripheral equipment manufacturing industry 2. Manufacture and reproduction of data storage media 3. Manufacturing of electrical appliances and audio-visual electronic products 4. Manufacturing of wired communication machinery materials 5. Manufacturing of wireless communication machinery materials 6. Electronic information supply service industry 7. Manufacture, processing and trading of various electronic parts and components 8. Design, development, and sale of computer software 9. Import and export trade and agency business of the above-mentioned related products

Company name	Date of incorporation	Address	Paid-in capital	Main business or production project
				10. In addition to licensed business, may operate business that is not prohibited or restricted by law 11. Entrust construction companies to build commercial buildings, national residences or rent and sell self-owned assets.
Videosoft Global Co., Ltd.	2020.07.10	15th Floor, No. 32, Section 3, Bade Road, Songshan District, Taipei City	111,078	1. Information software service industry 2. Data processing services. 3. Electronic information supply service industry 4. Information software wholesale industry 5. International trade.
Videosoft Global, Ltd	2020.10.05	22 Wycombe End, Beaconsfield, England, HP9 1NB	GBP NT\$645,385 (Exchange rate NT\$41.19)	1. Monitoring system software and hardware services
Triosimplicities CO., LTD.	2025.04.29	15th Floor, No. 32, Section 3, Bade Road, Songshan District, Taipei City	100,000	1. Information software wholesale industry 2. Information software service industry 3. Data processing services. 4. Electronic information supply service industry

3. Information on the same shareholders who are presumed to have control and subordination: None.

4. Affiliation with affiliated enterprises and division of labor between them:

May 1, 2025

Name of company and related enterprises	Main business scope	Business relationship and division of labor
Lung Hwa Electronics Co., Ltd.	<ol style="list-style-type: none"> 1. Computer and its peripheral equipment manufacturing industry 2. Manufacture and reproduction of data storage media 3. Manufacturing of electrical appliances and audio-visual electronic products 4. Manufacturing of wired communication machinery materials 5. Manufacturing of wireless communication machinery materials 6. Electronic information supply service industry 7. Manufacture, processing and trading of various electronic parts and components 8. Design, development, and sale of computer software 9. Import and export trade and agency business of the above-mentioned related products 10. In addition to licensed business, may operate business that is not prohibited or restricted by law 11. Entrust construction companies to build commercial buildings, national residences or rent and sell self-owned assets. 	Control company.
Videosoft Global Shares Co., Ltd.	<ol style="list-style-type: none"> 1. Information software service industry 2. Data processing services. 3. Electronic information supply service industry 4. Information software wholesale industry 5. International trade. 	The subsidiary company. Lung Hwa Electronics Co., Ltd. holds 62.88% of the shares.
Videosoft Global, Ltd	<ol style="list-style-type: none"> 1. Monitoring system software and hardware services 	The subsidiary company. Videosoft Global Co., Ltd. holds 100.00% of the shares.
Triosimplicities CO., LTD.	<ol style="list-style-type: none"> 1. Information software wholesale industry 2. Information software service industry 3. Data processing services. 4. Electronic information supply service industry 	The subsidiary company. Lung Hwa Electronics Co., Ltd. holds 100.00% of the shares.

5. Information on Directors and general managers of affiliated companies:

May 1, 2025

Company name	Job title	Name or representative	Hold shares	
			Number of shares	Shareholding ratio
Lung Hwa Electronics Co., Ltd.	Chairman	WANG, WKANG-HSIANG	9,561,466	16.49%
	Director	Zhonghua Investment Co., Ltd. - Representative: Lin Kunming	1,680,000	2.90%
	Director	Zhonghua Investment Co., Ltd. - Representative: (Temporarily vacant)	1,680,000	2.90%
	Director	Zhonghua Investment Co., Ltd. - Representative: ALLEN Y. WANG	1,680,000	2.90%
	Director	Zhonghua Investment Co., Ltd. - Representative: WANG, SHARON	1,680,000	2.90%
	Independent Director	Dong Qingquan	0	0
	Independent Director	Wu Hengyi	0	0
	Independent Director	Lu Xinghua	0	0
	Independent Director	Li Shuping	0	0
	General manager	WANG, SHARON	4,807,472	8.29%
Videosoft Global Co., Ltd.	Chairman	Lung Hwa Electronics Co., Ltd. - Representative: WANG, SHARON	69,850	62.88%
	General Supervisor	WANG, WKANG-HSIANG	0	0
Videosoft Global, Ltd	Director	Videosoft Global Co., Ltd.	Non-corporate system	100%
	Director	MCCONE STEWART	Non-corporate system	0
	Director	IAIN JANES	Non-corporate system	0
Triosimplicities CO., LTD.	Chairman	Lung Hwa Electronics Co., Ltd. - Representative: Zhang Jiaqi	10,000	100%
	General Supervisor	Shen Yuanjuan	0	0

6. Overview of the operation of each affiliated enterprise:

Unit: Thousands of New Taiwan Dollars
December 31, 2024

Company name	Capital amount	Total assets	Total liabilities	Net value	Operating income	Business benefit (loss)	Current period (profit) loss (after tax)	Earnings (loss) per share NT\$ (after tax) NT\$
Lung Hwa Electronics Co., Ltd.	576,050	558,683	268,143	290,540	44,463	(201,609)	(186,567)	(3.35)
Videosoft Global Co., Ltd.	111,078	70,629	19,109	51,520	104,857	(862)	(809)	(0.07)
Videosoft Global, Ltd	26,583	59,791	38,312	21,479	96,201	(14,985)	3,936	No shares for a limited company.

Note: If related enterprises are based on foreign currency, the relevant figures are based on the balance sheet date of December 31, 2024. exchange rates are converted to New Taiwan Dollars.

7. Consolidated financial statements of affiliated companies: Please refer to the consolidated financial statements on the public information observatory.
8. Relationship Report: Not applicable.

II. The handling of private placement securities in the most recent year and as of the date of print of the annual report:

1. First private placement of common stock in 2024

Item	First private placement of common stock in 2024				
Type of private placement securities	Common stock				
Date and amount of approval by the Board of Directors	Approved Date: September 24, 2024		Total issuance amount: NT\$59,800,000		
Basis and rationality of the price setting	<p>The pricing date for this private placement of common stock is set as September 24, 2024. According to the resolution of the AGM on June 25, 2024, the reference price for private placement is calculated based on the higher of the following two benchmarks:</p> <p>A. The simple arithmetic average of the closing prices of ordinary shares calculated one of 1, 3, and 5 business days before the pricing date, and the stock price after deducting the ex-rights of gratuitous allotment of shares and dividends and adding back the right of anti-exclusion of capital reduction.</p> <p>B. The simple arithmetic average of the closing prices of common stocks in the 30 business days prior to the pricing date, after deducting the ex-rights of gratuitous allotment and dividends and adding back the stock price after deducting the ex-rights of capital reduction.</p>				
Method of selection of qualified persons	Subject to the requirements of Article 43-6 of the Securities and Exchange Act.				
Reason for necessity of private placement	To enrich working capital, improve financial structure and increase investment content.				
Share payment completion date	September 27, 2024				
Applicant Information	Private placement object	Qualifications	Subscription quantity	Relationship with the Company	Participate in the Company's business situation
	WANG, WKANG-HSIANG	Subject to the requirements of Article 43-6 of the Securities and Exchange Act	1,150,000 shares	Director of the Company	Chairman of the Company
Actual subscription (or conversion) price	NT\$52.00				
Difference between actual subscription (or conversion) price and reference price	Not applicable				
Impacts of private placement on shareholders' equity (for example, increase of cumulative losses)	None				
Fund utilization of private placement and project implementation progress	Was completed in the fourth quarter of 2024				
Private placement benefits	Enrich working capital and improve financial structure.				

2. Second private placement of common stock in 2024.

Item	Second private placement of common stock in 2024.				
Type of private placement securities	Common stock				
Date and amount of approval by the Board of Directors	Approved Date: December 24, 2024		Total issuance amount: NT\$10,440,000		
Basis and rationality of the price setting	<p>The pricing date for this private placement of common stock is set as December 24, 2024. According to the resolution of the AGM on June 25, 2024, the reference price for private placement is calculated based on the higher of the following two benchmarks:</p> <p>A. The simple arithmetic average of the closing prices of ordinary shares calculated one of 1, 3, and 5 business days before the pricing date, and the stock price after deducting the ex-rights of gratuitous allotment of shares and dividends and adding back the right of anti-exclusion of capital reduction.</p> <p>B. The simple arithmetic average of the closing prices of common stocks in the 30 business days prior to the pricing date, after deducting the ex-rights of gratuitous allotment and dividends and adding back the stock price after deducting the ex-rights of capital reduction.</p>				
Method of selection of qualified persons	Subject to the requirements of Article 43-6 of the Securities and Exchange Act.				
Reason for necessity of private placement	To enrich working capital, improve financial structure and increase investment content.				
Share payment completion date	December 31, 2024				
Applicant Information	Private placement object	Qualifications	Subscription quantity	Relationship with the Company	Participate in the Company's business situation
	WANG, WKANG-HSIANG	Subject to the requirements of Article 43-6 of the Securities and Exchange Act	180,000 shares	Director of the Company	Chairman of the Company
Actual subscription (or conversion) price	NT\$58.00				
Difference between actual subscription (or conversion) price and reference price	Not applicable				
Impacts of private placement on shareholders' equity (for example, increase of cumulative losses)	None				
Fund utilization of private placement and project implementation progress	Was completed in 2025 Q1.				
Private placement benefits	Enrich working capital and improve financial structure.				

3. Third private placement of common stock in 2024.

Item	Third private placement of common stock in 2024.				
Type of private placement securities	Common stock				
Date and amount of approval by the Board of Directors	Approved Date: March 24, 2024		Total issuance amount: NT\$17,860,000		
Basis and rationality of the price setting	<p>The pricing date for this private placement of common stock is set as September 24, 2024. According to the resolution of the AGM on June 25, 2024, the reference price for private placement is calculated based on the higher of the following two benchmarks:</p> <p>A. The simple arithmetic average of the closing prices of ordinary shares calculated one of 1, 3, and 5 business days before the pricing date, and the stock price after deducting the ex-rights of gratuitous allotment of shares and dividends and adding back the right of anti-exclusion of capital reduction.</p> <p>B. The simple arithmetic average of the closing prices of common stocks in the 30 business days prior to the pricing date, after deducting the ex-rights of gratuitous allotment and dividends and adding back the stock price after deducting the ex-rights of capital reduction.</p>				
Method of selection of qualified persons	Subject to the requirements of Article 43-6 of the Securities and Exchange Act				
Reason for necessity of private placement	To enrich working capital, improve financial structure and increase investment content.				
Share payment completion date	March 31, 2024				
Applicant Information	Private placement object	Qualifications	Subscription quantity	Relationship with the Company	Participate in the Company's business situation
	WANG, WKANG-HSIANG	Subject to the requirements of Article 43-6 of the Securities and Exchange Act	380,000 shares	Director of the Company	Chairman of the Company
Actual subscription (or conversion) price	NT\$47.00				
Difference between actual subscription (or conversion) price and reference price	Not applicable				
Impacts of private placement on shareholders' equity (for example, increase of cumulative losses)	None				
Fund utilization of private placement and project implementation progress	The fund utilization plan was completed in the third quarter of 2025.				
Private placement benefits	Enrich working capital and improve financial structure.				

- III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None**
- IV. Other matters that require additional description: None.**
- V. Other matters that require additional description: None. If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.**

Lung Hwa Electronics Co., Ltd.

Chairman: WANG, WKANG-HSIANG