

Stock code: 2455

Visual Photonics Epitaxy Co., Ltd.

2024 Annual Report

Market Observation Post System: <http://mops.twse.com.tw>

Company website: <http://www.vpec.com.tw>

Published on April 10, 2025

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V. Overseas Securities Exchange Where Securities are Listed and Method of Inquiry :

Not applicable

VI. Company website : <http://www.vpec.com.tw>

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VI. The Company's chairman, President and Managers in charge of its finance and accounting operations holding any positions within the independent audit firm or its affiliates in the most recent year, the name, job title and the employment period at the independent audit firm or its affiliates: None. The Term "Affiliated Enterprise of CPA Accounting Firm" Refers to an Enterprise Where CPA at the CPA Accounting Firm Holds At least 50% of the Shares in the Firm or Has Acquired More Than Half of the Seats of Directors or a Company or Institution Listed in the Materials Disclosed or Published by the CPA's CPA Accounting Firm as an Affiliated Enterprise	67
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Chapter I. Letter to Shareholders

Dear Shareholders,

I. 2024 Business Result

The 2024 net operating revenue of the Company was NT\$3.241 billion, an increase of 20.31% from last year, and the net profit of the current period was NT\$671 million, an increase of 49.05% from last year.

The comparison between the business result of 2024 and last year is as follows:

Unit: NTD thousand

	2024	2023	Increase (decrease)	Increase (decrease) by %
Operating revenue	3,241,217	2,694,104	547,113	20.31%
Operating costs	1,962,253	1,585,190	377,063	23.79%
Gross profit	1,278,964	1,108,914	170,050	15.33%
Operating expenses	557,750	566,845	(9,095)	-1.60%
Operating income	721,214	542,069	179,145	33.05%
Non-operating income and expenses	96,460	(347)	96,807	-27898.27%
Net income	671,055	450,232	220,823	49.05%

According to the report of IDC, a market research institution, the global shipment of smart phones in 2024 was 1.24 billion units, an increase of 6.4% from 2023, and the shipment of smart phones indicated a growth for six consecutive quarters. The Company's revenue also indicated a growth under the positive impacts of the inventory and demand of mobile phones returned to normal and the revenue growth of data centers and optical communication due to AI business opportunities. Looking ahead to 2025, according to the forecasts of several market research institutions, global shipments of mobile phones will recover in 2025, with a projected volume of 1.25 billion to 1.277 billion units, and a year-on-year growth rate of 1% to 3%. The Company's operation in the field of micro-electronic products will benefit from the demand for replacement of mobile phones with AI phones and edge computing, the continued growth of 5G smartphone penetration rate, and the gradual introduction of Wifi 7 into commercial routers and mobile phones. Optoelectronic products will benefit from the increasing popularity of data centers (information centers) in recent years, and operators in different sectors are now setting up their own data centers. In addition, application scenarios are increased for consumer electronics and robots, and photo development technologies are also being developed for AI glasses. All these developments and innovations will promote outstanding growth momentum for future revenues.

II. Outline of the business plan

1. Marketing plan

- (1) Improve the strength of the Company's products in technology, quality and mass production; increase the existing customers' procurement from the Company and develop potential high-growth markets and customers at the same time; raise the Company's market share and publicity in the industry by thinking about the market trend, satisfying customers' needs and helping customers with differentiation to improve their competitiveness.
- (2) Participate in the Design-in at the beginning of new product R&D at the customer end pro-actively to become the specifications maker, expand the gap with competitors, strengthen the competitiveness of products with leading technology and thus deepen

the relationship with customers.

- (3) Deepen the relationship with customers with technical services; adopt the product differentiated orientation policy based on the customers' need for design and process; help customers improve the product differentiation and process stability to form the sound partnership with the customer end.

2. Production and operating plan

(1) Cost reduction

The Company has implemented reduction of procurement costs for different suppliers based on their characteristics, and introduced the concept of "lean production" to eliminate possible wastes that may occur during the process. In addition, the Company also adjusts the optimal production schedule in response to changes in customer orders, continues to analyze various costs, and educates employees to consider the question on how to create the greatest output with limited resources in daily operations, in order to continue to improve the work skills and quality, and to adjust the cost structure in the factory to be competitive, thereby exceeding the competitors to form a barrier that cannot be easily surpassed by competitors.

(2) Quality improvement

Intensify colleagues' awareness toward quality by virtue of continuing education and training; keep improving the quality level, in order to practice the strategy to develop customers thoroughly with stable quality and build the competitive strengths of products by cutting the costs to be incurred by defective quality.

3. R&D plan

- (1) Microelectronics products: Low Knee Voltage HBT/GaAs HBT/InP HBT/GaAs PHEMT/GaN on SiC/GaN on Si/GaN on Sapphire PA, Switch, and LNA for 5G mobile phones, Wifi, and infrastructure (base stations and Small Cells).

- (2) Photoelectronic products:

- A. PD: 25G APD, 50G PD, 100G PD, 1.9-2.6 μ m long wavelength PD.
- B. LD: Application of GaAs and InP FP/DFB LD for High Power, High Speed and LiDAR applications.
- C. VCSEL: iTOF/dTOF, Multi-Junction VCSEL, long wavelength VCSEL, backlight VCSEL, high-speed VCSEL, LiDAR application VCSEL, industrial VCSEL.

4. Financial Plan

Continue to improve the cost structure and increase the gross margin; cut various operating expenses; assess the foreign exchange risk; increase the turnover of various assets; strictly assess the effect of fund utilization and control cash outflows; accelerate the cash inflows accumulated from operating activities; improve the cash holdings and efficiency of asset utilization; insofar as the Company's normal operation and stable profit policy remain unaffected, cover the capital requirement with the cash inflow from operating activities as much as possible, in order to cut the funding cost and improve the profitability; make good use of the low-interest financial trend; borrow loans adequately; review the adequacy of capital scale; increase the ROE. Strive for the feasibility of various R&D credits pro-actively to reduce tax and increase EPS.

III. Future development strategies

The competition is fierce in each industry. Taking the wireless communication industry in which the Company's microelectronic products are sold as an example, whenever a new flagship model is launched, it is the time to re-set the competition trend in this industry. Therefore, the Company has to join the technology R&D of the next generation product specifications together with customers at the very beginning of the R&D, in order to strive for

the chance to be the winner of the terminal product specifications, and ensure that the Company's materials may be applied to each best-selling mobile phone, tablet and wearable device series and various innovative devices and infrastructure. Improving the characteristics of materials and yield rate, ensuring the product quality and keeping cutting costs down would be the key to maintain the long-term competitiveness in the industry. Based on the partnership in R&D, the Company helps customers shorten the time spent in R&D and strive for the opportunity to have the customers' products get the Design-Win from mobile phone manufacturers. Only if the Company becomes the first largest supplier, the Company may disperse the operating risk effectively and stand in the invincible position. In the era of 5G, IoT and Internet of Vehicles, the Company will introduce resources, work with customers to layout for the 5G mobile phones, base stations, small cells and Wifi6/Wifi7-related new products and structures.

The Company will expand the width of optical communication customers, accelerate R&D of the new light sensor products and customers' certification as the development strategy for photoelectronic products. The Company will also increase the photoelectronic products and customer portfolio to drive the growth of operating revenue and profit, cause the product portfolio and customer structure to develop toward a stabler orientation, and thus create more diversified business opportunities. Meanwhile, benefiting from AI business opportunities, data centers have flourished in recent years, attracting various industries to rush to build facilities, and the Company will take the opportunity to develop its business when the penetration rate of sensing elements in electronic consumables and LiDAR is increasing significantly, accelerate the R&D of application, certification and mass production of InP and GaAs new products, improve the yield rate and expand the productivity to raise the market share in a timely manner to block the competitors.

The digital transformation is underway. Various forward-looking technologies are emerging and complementing each other. The new high-tech product innovation speed is beyond the ordinary people's imagination. At this moment, many industrial giants and venture capitalists are focusing on the creation of new products which most of people have not yet found are needed by them. In consideration of the excellent characteristics of compound semiconductors, it will inevitably be applied by specific new high-tech products. The Company, as a compound semiconductor epitaxy fab, will act open-mindedly and introduce resources in a timely manner and closely work with the existing and potential customers for early layout arrangement. Meanwhile, the Company will make good use of its experience in the R&D of various microelectronic and photoelectronic products for over two decades, control the characteristics of compound semiconductor materials, 6-inch epitaxy mass production capacity and also ensure the quality to be outstanding and everlasting and have cost awareness to build a threshold that competitors are not likely to reach.

IV. Effect of external competition, laws and regulations and overall business environment

Looking back on 2024, the global economy was full of challenges and uncertainties, demonstrating a complex and diversified development trend. The economic performances of various countries have been significantly different from each other. The economic activities in some regions have recovered with steady growth while most countries are still facing challenges or even the risk of recession, including the continued geopolitical tensions, high inflationary pressure, and the increase in financial and political risks due to the excessive debt level in many countries. Furthermore, with the increase of trade protectionism, the global supply chain has been affected and disrupted. In the face of the increasingly digitization, greening and intellectualization of the global economy, the Company will continue to achieve the goal of improving the core competitiveness, promoting corporate sustainable development, strengthening product quality, implementing cost control, increasing delivery efficiency, and realizing the advantages of new product development. Through strengthening relationships with customers, we will improve the customer's product characteristics and advantages, and we

also aim to become the priority choice of supplier for customers to engage in collaborative development of new generation of products, thereby continuing to maintain the Company's leading position as the No. 1 microwave communication arsenic epitaxy wafer manufacturer worldwide.

The pandemic has accelerated the digital transformation process, and people have developed the habit of using digital tools during the pandemic period, which also continues to exist in the post-pandemic era. As the global economy recovers, enterprises will pay more attention to changes in customer demand and actively adjust their business strategies, in order to provide products and services of higher quality. In the new market environment, the Company is at the upstream of the supply chain, and will take active measures to strengthen the supply chain management, in order to respond to market changes and to reduce the risk of supply chain interruptions. The Company also upholds the principle of retaining talents as the top priority. Through diverse recruitment channels and effective retention strategies, the Company is able to mitigate the impact of talent recruitment difficulties on the Company's operational development.

With the emerging trend of digital applications of Big Data, AI, blockchain, and Metaverse worldwide, the demand for computation, storage and networking increases dramatically, and the development of data centers (information centers) is particularly critical for future development. In recent years, the market for data centers has been booming, and the demand is over supply, driving major business operators in various sectors to actively invest in the construction of data centers, and the cloud infrastructures continue to expand. In addition, the continued evolution of AI technology, breakthrough in low latency and high-speed transmission technologies, and the innovative applications of microelectronics and optoelectronics have driven the innovative applications of microelectronics and optoelectronics. In terms of optoelectronic technology, AI data centers are able to strengthen the calculation and data transmission capacity of the high-speed optical module. Accordingly, the compound semiconductor epitaxy wafer becomes an important component in the high-speed optical modules and plays an important role in optoelectronic technology. In addition, the development of AI servers and data centers has also driven the advancement of high-performance wireless technologies such as WiFi 7, providing higher transmission efficiency and lower latency, thereby improving the performance of AI applications. In the future, with the development of AI glasses, robot sensing technologies, and the increasing demand for high-speed transmission in industrial, medical, and smart manufacturing fields, the epitaxy technology of the optoelectronics industry is expected to continue to be benefited from such technology developments and demands, which will further secure the position of epitaxy-related technology in the AI supply chain.

The Financial Supervisory Commission (FSC) has announced the "Green and Financial Transformation Action Plan" in 2024, covering six main aspects of funding support, carbon data establishment, etc., in order to promote net-zero transformation. The Company actively responds to such policy and action plan, and aims to strengthen the information disclosure and to cultivate sustainable talents. In addition, we also cooperate with the policy based on the three main aspects of capital, data and disclosure, and to seek green financial resources while improving the carbon data management and information transparency. Furthermore, we have published the 2023 Sustainability Report on July 26, 2024. In the future, we will continue to strengthen ESG competitiveness and promote corporate sustainable development through resource integration and financial support.

The global economy for 2025 is expected to maintain a steady growth. Taiwan's economy is closely related to the global economy, and Taiwan's economic fundamental is strong. The expansion of emerging technology applications, such as AI and related electronic products, will further drive the export and investment momentum, and AI will be more widely used and deeply integrated into our daily lives, including the fields of smart homes, self-driving vehicles, biotechnology, medical industry innovation and financial services. In other words, AI will be

applied in almost all fields and is expected to drive the revolutionary development for a new generation of computation and communication. Moreover, the domestic demand is also expected to increase steadily. Nevertheless, the economy in 2025 will still face numerous challenges. The new tariff measures in the US, the intensification of trade barriers around the world, and geopolitical conflicts may have a negative impact on the global economy. In the face of these challenges, the government must closely monitor the global economic situation and strictly strengthen risk management, diversify the market, and increase the ability to respond to external impacts, in order to seize opportunities and to achieve sustainable development.

Chapter II. Corporate Governance Report

I. Information of Directors, Presidents, Vice Presidents, Assistant Vice Presidents, and Heads of Departments and Branches:

(I) Information on Directors

March 30, 2025

Title	Nationality or place of registration	Name	Gender	Age	Date of election (appointment)	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Current shareholdings by spouse and minor children		Shareholdings under the name of others		Principal work experience (academic qualifications)	Position(s) concurrently held in this and/or other companies	The person is the spouse of or related within the second degree of kinship to another manager, director, or supervisor			Remark
								No. of shares	Shareholdings	No. of shares	Shareholdings	No. of shares	Shareholdings	No. of shares	Shareholdings			Title	Name	Relationship	
Chairman	Taiwan	Chen Chien-Liang	Male	41~50	2023/6/7	3 years	2011/6/10	2,098,112	1.13%	2,123,112	1.15%	0	0.00%	0	0.00%	EMBA, National Yang Ming Chiao Tung University. MBA, National Chengchi University.	Director, Tainergy Tech. Co., Ltd.	Director	Chen Mao-Chang	Father and son	Chairman
Director	Taiwan	Chen Mao-Chang	Male	71~80	2023/6/7	3 years	1996/11/07	2,066,216	1.12%	2,043,216	1.11%	4,120	0.00%	0	0.00%	Mechanical Engineering, National Hualien Senior High School	Chairman of Strongway United Co., Ltd., Director of Taiwan Carbon Technology	Director	Chen Chien-Liang	Father and son	
Director	Taiwan	Huang Chao-Hsing	Male	51~60	2023/6/7	3 years	2008/6/19	1,406,090	0.76%	1,406,090	0.76%	0	0.00%	0	0.00%	National Taiwan University Doctor in Electrical Engineering	President of the Company	None	None	None	President
Director	Taiwan	Lai-Yu Hsiu-Min	Female	81~90	2023/6/7	3 years	2005/6/10	1,750,000	0.95%	1,254,000	0.68%	0	0.00%	0	0.00%	EMBA, Swiss Business School Department of Accounting, Chinese Culture University CFO, Mender International Co., Ltd.	Director of Mender International Co., Ltd./ Supervisor of Gimyo Foods Co., Ltd.	None	None	None	
Director	Taiwan	Ren Tai Investment Co., Ltd.	Not applicable		2023/6/7	3 years	2017/6/8	3,113,000	1.68%	3,329,000	1.80%	0	0.00%	0	0.00%	Not applicable	None	None	None	None	
Director representative	Taiwan	Yeh Sheng-Mao	Male	81~90	2023/6/7	3 years	2020/6/12	0	0.00%	10,000	0.01%	0	0.00%	0	0.00%	National Taiwan Ocean University, Graduate Institute of the Law of the Sea; Director-General, Investigation Bureau, Ministry of Justice	Consultant of Chili Investment Co., Ltd., Director, LAUREL COSMOS CORPORATION, Representative of SHUNE MORE TRADING CO., LTD.	None	None	None	
Director	Taiwan	Ren Tai Investment Co., Ltd.	Not applicable		2023/6/7	3 years	2017/6/8	3,113,000	1.68%	3,329,000	1.80%	0	0.00%	0	0.00%	Not applicable	None	None	None	None	
Director representative	Taiwan	Chen Chien-Ting	Male	51~60	2023/6/7	3 years	2022/12/1	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA, Department of Finance, National Taiwan University	Director, Celxpert Energy Corporation; Corporate director representative, Ascent Development Co., Ltd.	None	None	None	

Title	Nationality or place of registration	Name	Gender/Age	Date of election (appointment)	Term of office	Date of first election	Shareholding at the time of election		Current shareholding		Current shareholdings by spouse and minor children		Shareholdings under the name of others		Principal work experience (academic qualifications)	Position(s) concurrently held in this and/or other companies	The person is the spouse of or related within the second degree of kinship to another manager, director, or supervisor			Remark
							No. of shares	Shareholdings	No. of shares	Shareholdings	No. of shares	Shareholdings	No. of shares	Shareholdings			Title	Name	Relationship	
Director	Taiwan	Ren Tai Investment Co., Ltd.	Not applicable	2023/6/7	3 years	2017/6/8	3,113,000	1.68%	3,329,000	1.80%	0	0.00%	0	0.00%	Not applicable	None	None	None	None	
Director representative	Taiwan	Liao Wan-Chuan	Male 71~80	2023/6/9	3 years	2023/6/9	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Marine Navigation, China Maritime College	Chairman of Spring Field Construction Co., Ltd., Supervisor of Spring Rainbow Construction Co., Ltd., Vice President of Deshougong Culture and Education Foundation	None	None	None	Newly elected on June 9, 2023
Director	Taiwan	Shang-Jin Investment Co., Ltd.	Not applicable	2023/6/7	3 years	2014/6/12	800,000	0.43%	1,008,000	0.55%	0	0.00%	0	0.00%	A supervisor of the Company's 7th term of supervisors	None	None	None	None	
Director representative	Taiwan	Chang Cheng-Liang	Male 41~50	2023/6/7	3 years	2014/6/12	0	0.00%	3,587	0.00%	600	0.00%	0	0.00%	Master in International Trade, University of Northumbria	Note 1	None	None	None	
Independent director	Taiwan	Huang Man-Sheng	Male 71~80	2023/6/7	3 years	2017/6/8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Department of Business Administration, Soochow University; President, Bank of Kaohsiung	Independent Director of Taiwan Wax Company Ltd., Supervisor of GeneTex International Corporation	None	None	None	
Independent director	Taiwan	Lin Hao-Hsiung	Male 61~70	2023/6/7	3 years	2017/6/8	0	0.00%	0	0.00%	0	0.00%	0	0.00%	Professor, Graduate Institute of Electronics Engineering, Graduate Institute of Photonics and Optoelectronics, National Taiwan University, College of Electrical Engineering and Information Technology and Department of Electrical Engineering, National Taiwan University	None	None	None	None	
Independent director	Taiwan	Wang Chia-Hsiang	Male 41~50	2023/6/7	3 years	108/6/12	0	0.00%	0	0.00%	0	0.00%	0	0.00%	EMBA of National Chengchi University, Associate of Crowe LLP	Note 2	None	None	None	

Note 1: Chairman of Shang-Jin Investment Co., Ltd., Director of Plenty Profit Global Asset Management Co., Ltd., Director of San-Jin Investment Co., Ltd., Director of Qian-Jin Investment Co., Ltd., Corporate Director Representative of Remotek Corporation, Corporate Director Representative of GAMONSTER INC Corporation

Note 2: Partner and Director of Crowe (TW) CPAs, Independent Director of Tainergy Tech. Co., Ltd., Chairman of R&W Asset Management Limited, Corporate Director Representative of ZAGG Taiwan Co., Ltd.

Major shareholders of corporate shareholders

March 30, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders	Percentage (%)
Ren Tai Investment Co., Ltd.	Chu Yi-Wen	50%
	Cheng Yu-Che	50%
Shang-Jin Investment Co., Ltd.	Chang Cheng-Liang	30%
	Chang Jung-Chia	30%
	Chang Chuan-Fu	30%

If the major shareholder of corporate shareholder is a an entity, its major shareholder:

March 30, 2025

Name of corporate shareholder	Major shareholders of corporate shareholders	Percentage (%)
No		

- Information disclosure of professional qualifications and independence of independent directors;

Name	Criteria Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Chen Chien-Liang	EMBA, National Yang Ming Chiao Tung University. MBA, National Chengchi University. Mr. Chen is the son of the founder of the Company who served as a director from 2011. In 2020, he became the chairman and has corporate governance, business, marketing and industry technology capabilities. He is able to promptly propose relevant corporate governance and operational management opinions and policies to the company's board of directors, to require the management team to formulate operational strategies and implement them accordingly. Current Director of Tainergy Tech. Co., Ltd.	Not applicable	None
Chen Mao-Chang	Mr. Chen is the Company's founder. He has been focusing on business and strategic management in the industry for over 40 years, and has business leadership, operation and management, business judgment, and professional experience in business and sales. Current Chairman of Strongway United Co., Ltd.	Not applicable	None
Huang Chao-Hsing	Doctor in Electrical Engineering, National Taiwan University. He has been the President of the Company since 2004, with over 25 years of service. In the role of a managerial officer, he communicates and interacts in the board of directors regarding the operation and management strategies, and provides relevant operation and management opinions, and has business, marketing, and industrial technology capabilities.	Not applicable	None
Lai-Yu Hsiu-Min	EMBA, Swiss Business School. Ms. Lai-Yu previously served as the CFO of Mender International Co., Ltd. She specializes in finance, accounting, and audit for over 40 years of professional experience, and is equipped with extensive practical experience.	Not applicable	None

Criteria Name	Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Ren Tai Investment Co., Ltd. Representative: Yeh Sheng-Mao	National Taiwan Ocean University, Graduate Institute of the Law of the Sea. He used to be Director-General of the Investigation Bureau of the Ministry of Justice and has more than 40 years of experience in legal affairs. His legal specialty is leveraged to improve the quality of corporate governance management of the board of directors.	Not applicable	None
Ren Tai Investment Co., Ltd. Representative: Chen Chien-Ting	Department of Electrical Engineering, National Taiwan University; Business Administration, National Taiwan University; EMBA, National Taiwan University Familiar with the technology development of the semiconductor industry chain, he has the expertise in investment management, with the capabilities of corporate governance, accounting information and financial analysis, as well as the insight to industry development and technology application.	Not applicable	None
Ren Tai Investment Co., Ltd. Representative: Liao Wan-Chuan	Department of Marine Navigation, China Maritime College He has been the Chairman of Spring Field Construction Co., Ltd. since 2004 and is capable in finance, accounting, commerce, marketing and related operational planning, operation and management.	Not applicable	None
Shang-Jin Investment Co., Ltd. Representative: Chang Cheng-Liang	Mr. Chang is a supervisor of the Company's 7th term of supervisors, who previously served as a director in a number of companies; he possess professional qualifications and experience in decision-making and judgment, operation and management, finance, accounting and auditing, corporate governance, commerce and business.	Not applicable	None
Huang Man-Sheng	Department of Business Administration, Soochow University. Mr. Huang previously served as the President, Bank of Kaohsiung and manager of the Finance Department and Specialized Member and Director of the Regional Center of Land Bank of Taiwan. Possessing over 30 years of professional qualifications and experience in finance, accounting, auditing, and business management. Independent Director, Taiwan Wax Company Ltd..	The Company's independent directors, their spouses and relatives within the second degree of kinship are not directors, supervisors or employees of the Company or its affiliates; the Company's independent directors, their spouses and relatives within the second degree of kinship (or in the name of other persons) do not own the Company's outstanding shares, nor are directors, supervisors or employees of companies which have specific relationship with the Company; the Company's independent directors, their spouses and relatives within the second degree of kinship do not provide the Company and its affiliates with services of business, legal affairs, finance and accounting in the past two years to get payment. The three independent directors listed on the left have all met the qualifications specified in Article 14-2 of the Securities and Exchange Act under the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the FSC; in addition, the independent directors have been fully empowered to participate in decision-making and to express opinions in accordance with Article 14-3 of the Securities and Exchange Act, so that they can exercise relevant powers independently.	1
Lin Hao-Hsiung	Doctor in Electrical Engineering, National Taiwan University. Professor, Graduate Institute of Electronics Engineering, Graduate Institute of Photonics and Optoelectronics. National Taiwan University, College of Electrical Engineering and Information Technology and Department of Electrical Engineering, National Taiwan University Possessing capability of industrial technology for more than 30 years.		None
Wang Chia-Hsiang	EMBA of National Chengchi University. Associate of Crowe LLP Possessing the CPA license of the U.S., with abundant professional qualifications, knowledge and skills in accounting and finance. He possess professional qualifications and experience in decision-making and judgment, operation and management, finance, accounting and auditing, corporate governance, commerce and business. Independent Director of Tainergy Tech. Co., Ltd.		1

Note: None of directors of the Company is in any circumstance specified in Article 30 of the Company Act.

- Board diversity and independence:

1. Diversity of the Board of Directors:

- (1).Diversity policy for board members:

Pursuant to Article 20 of the Company's "Corporate Governance Best Practice Principles," the composition of the Board of Directors shall be determined by taking diversity into consideration. It is advisable that directors concurrently serving as company officers not exceed one-third of the total number of the board members and that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated and include, without being limited to, the following two general standards:

- I. Basic requirements and values: gender, age, nationality and culture, and the percentage of female directors preferably attaining one-third of the directors.
- II. Professional knowledge and skills: Professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills and industry experience.

All members of the Board of Directors shall have the knowledge, skills and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

- (I) Ability to make operational judgments.
- (II) Ability to perform accounting and financial analysis.
- (III) Ability to conduct management administration.
- (IV) Ability to conduct crisis management.
- (V) Knowledge of the industry.
- (VI) An international market perspective.
- (VII) Ability to lead.
- (VIII) Ability to make policy decisions.

- (2).The specific management objectives of the diversity of the Board of Directors and the achievements:

The Company's Board of Directors is made up of eleven directors, including eight general directors and three directors. All Board members come from different backgrounds, including business management and industry knowledge, enabling them to provide professional advice from different angles. This poses benefits to the Company's business performance and management efficiency.

Directors who are also employees of the Company account for 18%, independent directors accounted for 27%, and female directors accounted for 9%. The seniority of all three independent directors is 7-9 years.

The Company values gender equality in the composition of the Board of Directors, and aims to increase the number of female directors to more than one-third. In the future, the Company will try its best to increase the number of female directors to achieve this goal.

The number of directors of either gender in the Board of Directors of the Company is less than one-third of the total number of directors, and this is due to the Company's commitment to the research and development and innovation of technology since its establishment. As the Company's industry is still in the development stage and the industry is more male-oriented, the Board of Directors mainly consists of male directors. In order to gradually increase the gender diversity of the Company's Board of Directors, the Company has planned to actively promote the following measures:

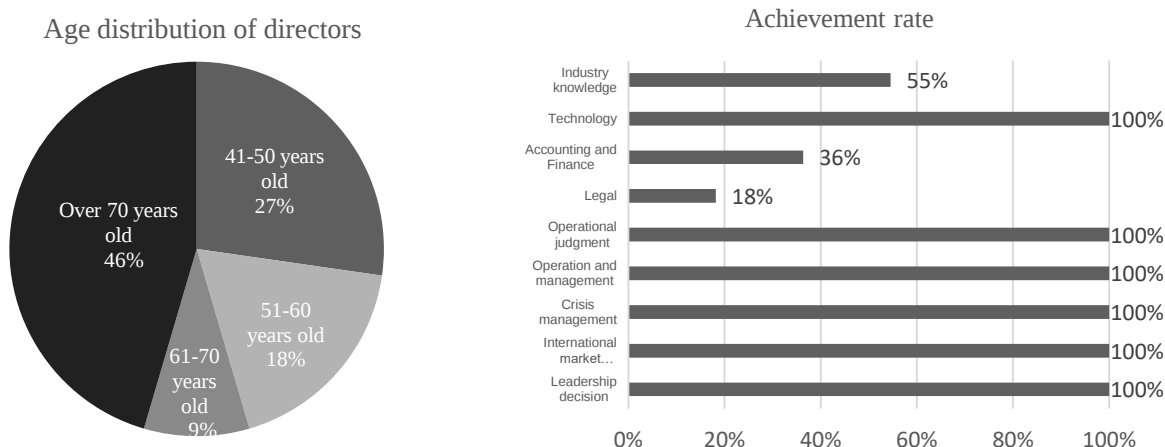
- Expand the female talent pool and actively recruit potential female talents.
- The Company provides diverse training opportunities for female employees to

improve their professional skills.

- Adjustment of the composition of the Board of Directors to increase the percentage of female directors.

The Company will continue to exert effort to significantly increase the gender diversity of the Board of Directors in the next few years. We believe that Board diversity will bring a more comprehensive perspective and innovative ideas to the Company, and to promote the Company's sustainable development.

Title	Name of director	Nationality	Gender	Part-time employee of the Company	Age	Years of service of independent directors	Professional background				Professional knowledge and skills				
							Industry knowledge	Technology	Accounting and Finance	Legal	Operational judgment	Operation and management	Crisis management	International market	Leadership decision
Chairman	Chen Chien-Liang	Republic of China	Male	V	41-50		V	V			V	V	V	V	V
Director	Chen Mao-Chang	Republic of China	Male		70 or more		V	V			V	V	V	V	V
Director	Huang Chao-Hsing	Republic of China	Male	V	51-60		V	V			V	V	V	V	V
Director	Lai-Yu Hsiu-Min	Republic of China	Female		70 or more			V	V		V	V	V	V	V
Director	Ren Tai Investment Co., Ltd. Representative: Yeh Sheng-Mao	Republic of China	Male		70 or more			V		V	V	V	V	V	V
Director	Ren Tai Investment Co., Ltd. Representative: Chen Chien-Ting	Republic of China	Male		51-60		V	V	V		V	V	V	V	V
Director	Ren Tai Investment Co., Ltd. Representative: Liao Wan-Chuan	Republic of China	Male		70 or more			V			V	V	V	V	V
Director	Shang-Jin Investment Co., Ltd. Representative: Chang Cheng-Liang	Republic of China	Male		41-50		V	V			V	V	V	V	V
Independent director	Huang Man-Sheng	Republic of China	Male		70 or more	7 to 9		V	V		V	V	V	V	V
Independent director	Lin Hao-Hsiung	Republic of China	Male		61-70	7 to 9	V	V			V	V	V	V	V
Independent director	Wang Chia-Hsiang	Republic of China	Male		41-50	7 to 9		V	V	V	V	V	V	V	V



2. Board independence: The Company has 11 directors, among them 3 are independent directors, accounting for 27.27% of total directors. We have established an Audit Committee to replace the supervisors. Amongst the directors, except that Chairman Chen Chien-Liang and Director Chen Mao-Chang are in the father-and-son (two seats) relationship, other directors (nine seats) are not in the circumstance specified in Article 26-3 of the Securities and Exchange Act (the number of directors in spouse relationship or being relative within the second degree of kinship exceeds a majority of the total number of directors). In addition, as of the end of 2024, independent directors have all complied with the requirements of the Securities and Futures Bureau, Financial Supervisory Commission on independent directors, and among directors and independent directors, not in the circumstance specified in paragraphs 3 and 4, Article 26-3 of the Securities and Exchange Act (among supervisors, or between a supervisor and a director, shall not be a spouse, a relative within the second degree of kinship).

(II) Information on the Company's President, Vice Presidents, Associate Managers and the Heads of All the Company's Divisions and Branch Units:

March 30, 2025

Title	Nationality	Name	Gender	Date of election (appointment)	the time of election		Shareholdings by spouse and minor children		Shareholdings under the name of others		Principal work experience (academic qualifications)	Any position(s) concurrently held in other companies	Managerial officer is the spouse of or related within the second degree of kinship			Remark
					No. of shares	Shareholdings	No. of shares	Shareholdings	No. of shares	Shareholdings			Title	Name	Relationship	
President	Taiwan	Huang Chao-Hsing	Male	2004.09	1,406,090	0.76%	0	0.00%	0	0.00%	PhD, Institute of Electrical Engineering, National Taiwan University	None	None	None	None	
Senior Vice President	Taiwan	Chen Hsien-Chung	Male	2004.09	104,187	0.06%	0	0.00%	0	0.00%	1. Plant Director of Rising Sun Technology Co., Ltd. 2. Director of Coretronic Corporation 3. Plant Director of MAG Mexico	None	None	None	None	
Senior Vice President	Taiwan	Chin Yu-Chung	Male	2014.01	90,500	0.05%	125	0.00%	0	0.00%	Doctor in Graduate Institute of Electronics, National Taiwan University	None	None	None	None	
Senior Vice President	Taiwan	Hsieh Chin-Lung	Male	2014.01	0	0.00%	0	0.00%	15,000	0.01%	Institute of Electrical Engineering, National Taiwan Ocean University Institute of Business Administration, Chung Yuan Christian University	Lei Tingwanjun Co., Ltd. Head	None	None	None	
Vice President	Taiwan	Chung Chin-Ling	Female	2021.09	10,000	0.01%	0	0.00%	0	0.00%	Institute of Accounting, Chung Yuan Christian University	Independent Director of Shengtai Technology Co., Ltd.	None	None	None	
Financial Accounting Manager	Taiwan	Chiang Chih-Ching	Male	2020.07	95,000	0.05%	0	0.00%	0	0.00%	Institute of Accounting, Chung Yuan Christian University	None	None	None	None	

(III) If the Chairman and President or equivalent (the supreme management) are the same person, spouses, or relatives within the first degree of kinship, please disclose the reason, rationality, necessity and responsive measures:None.

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

(1) Remuneration to general directors and independent directors

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

Title	Name	Remuneration to directors								Total Remuneration and (A+B+C+D) as a % of Net Income (%) (Note 10)		Remuneration as company employee								Total Compensation and (A+B+C+D+E+F+G) as a % of Net Income (%) (Note 10)		Remuneration from investees other than subsidiaries or from the parent company (Note 11)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salary, bonus and special allowance (E) (Note 5)		Severance and pension (F)		Employee remuneration (G) (Note 6)						
		The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company	All companies included in the financial report (Note 7)	The Company		All companies included in the financial report (Note 7)		The Company	All companies included in the financial report (Note 7)			
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Chen Chien-Liang	2,880	Not applicable	0	Not applicable	28,196	Not applicable	58	Not applicable	31,134 4.64%	Not applicable	15,948	Not applicable	108	Not applicable	11,032	0	Not applicable	Not applicable	58,221 8.68%	Not applicable	None
Director	Chen Mao-Chang																					
Director	Huang Chao-Hsing																					
Director	Lai-Yu Hsiu-Min																					
Director	Ren Tai Investment Co., Ltd. Representative: Yeh Sheng-Mao																					
Director	Ren Tai Investment Co., Ltd. Representative: Chen Chien-Ting																					
Director	Ren Tai Investment Co., Ltd. Representative: Liao Wan-Chuan																					
Director	Representative of Shang-Jin Investment Co., Ltd.: Chang Cheng-Liang																					
Independent director	Huang Man-Sheng	2,100	Not applicable	0	Not applicable	0	Not applicable	38	Not applicable	2,138 0.32%	Not applicable	0	Not applicable	0	Not applicable	0	0	Not applicable	Not applicable	2,138 0.32%	Not applicable	None
Independent director	Lin Hao-Hsiung																					
Independent director	Wang Chia-Hsiang																					
1. Please provide in detail the policy, system, standards and structure of remuneration to independent directors and describe the relevance to the amount of compensation according to the responsibilities, risks, time invested and other factors: In accordance with the Company's "Regulations for Remuneration to Directors" - each independent director receives a fixed fee of NT\$50,000 each month and does not participate in remuneration distribution; another NT\$5,000 per month is added where an independent director is a member of a functional committee; and an independent director receives NT\$2,000 for transportation each trip.																						
2. In addition to the disclosure of the table above, the remuneration collected in by directors of the Company for providing services (such as acting as non-employee consultant of the parent company/companies/investees indicated in the financial report): None																						

Remarks:

- The Company's net profit after tax for 2024 was NT\$671,055 thousand.
- Pension is provision of expenses.

Range of Remuneration

Range of remunerations to each director of the Company	Name of director			
	Total remuneration (A + B + C + D)		Total remuneration (A + B + C + D + E + F + G)	
	The Company (Note 8)	All companies in the financial statements (Note 9)H	The Company (Note 8)	All Companies included in the financial statements (Note 9)I
Below NT\$1,000,000	Huang Man-Sheng, Lin Hao-Hsiung, Wang Chia-Hsiang	Not applicable	Huang Man-Sheng, Lin Hao-Hsiung, Wang Chia-Hsiang,	Not applicable
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)				
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)	Representative of Ren Tai Investment Co., Ltd.: Yeh Sheng-Mao Representative of Ren Tai Investment Co., Ltd.: Chen Chien-Ting Representative of Ren Tai Investment Co., Ltd.: Liao Wan-Chuan Representative of Shang-Jin Investment Co., Ltd.: Chang Cheng-Liang		Representative of Ren Tai Investment Co., Ltd.: Yeh Sheng-Mao Representative of Ren Tai Investment Co., Ltd.: Chen Chien-Ting Representative of Ren Tai Investment Co., Ltd.: Liao Wan-Chuan Representative of Shang-Jin Investment Co., Ltd.: Chang Cheng-Liang	
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)	Chen Chien-Liang, Chen Mao-Chang, Huang Chao-Hsing, Lai-Yu Hsiu-Min		Chen Mao-Chang, Lai-Yu Hsiu-Min	
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)			Chen Chien-Liang	
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)			Huang Chao-Hsing	
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)				
Over NT\$100,000,000				
Total	11 persons	Not applicable	11 persons	Not applicable

Note 1: Name of directors are presented separately (for corporate shareholders, the names of the corporate shareholders and their representatives are stated separately) and the general directors and independent directors shall be presented separately in aggregate sums. If a director is also a president or vice president, this table or the following table (3-1) or the following table (3-2-1) and (3-2-2) shall be filled in.

Note 2: Refers to remuneration to directors in the last year (including salaries, allowances, severance pay, various bonuses and incentives, etc.)

Note 3: Refers to the amount of directors' remuneration that the Board has proposed as part of the latest earnings appropriation.

Note 4: Refers to the relevant business execution expense of directors in the most recent year (including transportation fee, special disbursement, various subsidies, accommodation, company vehicles and other physical offers etc.) Where housing, cars, vehicles or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits.

Note 5: Refers to any salaries, allowances, severance pay, bonuses, incentives, travel allowances, special allowances, subsidies, accommodation, vehicles and in-kind benefits that the director received in the last year for assuming the role of a company employee (such as a president or vice president, other managers or employees). Where housing, cars, vehicles or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits. Part of the salary expense was recognized according to IFRS2 – "Share-based Payment." Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.

Note 6: Refers to any remuneration that the director has received (in cash or in shares) in the last year for assuming the role of an employee (such as president or vice president, manager or other employees). The amount of employee remuneration proposed by the Board of Directors in the last year has been disclosed (where the amount could not be estimated, the actual amount paid in the last year was presented instead). Table 1-3 has also been completed for reference.

Note 7: The disclosure includes all companies covered by the consolidated financial report (including the Company), and represents the total amount of remuneration paid by all companies above to the Company's directors.

Note 8: The amount of remuneration paid by the Company to each director has been disclosed in ranges. The name of the director must also be disclosed.

Note 9: The details represent the range of remuneration paid by all companies in the consolidated report (including the Company) to each director. The name of the director must also be disclosed.

Note 10: The net income after tax refers to the net income after tax of the most recent fiscal year.

Note 11: a. This field represents all forms of remuneration that the president and vice president received from the Company's invested businesses other than subsidiaries (if none, please fill in "none").
b. For directors who received remuneration from invested businesses other than subsidiaries or the parent company, amounts received from these invested businesses or the parent company have been added to columns I of the remuneration brackets table. In which case, columns I and J will be renamed "parent company and all invested businesses."
c. Remuneration refers to any return, compensation (including compensations received as an employee, director and supervisor) and professional service fee that the Company's director received for serving as director, supervisor, or manager in the parent company or invested businesses other than subsidiaries.

* The basis of remuneration disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purposes.

(2) Remuneration of Presidents and Vice Presidents

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

Title	Name	Salary (A) (Note 2)		Pension (B)		Salaries, bonuses and special allowances (C) (Note 3)		Employee remuneration (D) (Note 4)				Total Compensation and (A+B+C+D) as a % of Net Income (%) (Note 8)		Remuneration from investees other than subsidiaries or from the parent company (Note 9)
		The Company	All companies included in the financial report (Note 6)	The Company	All companies included in the financial report (Note 6)	The Company	All companies included in the financial report (Note 6)	The Company		All companies included in the financial report (Note 6)		The Company	All companies included in the financial report (Note 6)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Huang Chao-Hsing	28,147	Not applicable	532	Not applicable	2,696	Not applicable	28,895	0	Not applicable	Not applicable	60,270 8.98%	Not applicable	None
Senior Vice President	Chen Hsien-Chung													
Senior Vice President	Chin Yu-Chung													
Senior Vice President	Hsieh Chin-Lung													
Vice President	Chung Chin-Ling													

Note 1: The Company's net profit after tax for 2024 was NT\$671,055 thousand.

Note 2: Pension is provision of expenses.

Range of Remuneration

Range of remuneration to each President and Vice President of the Company	The names of the president and vice president	
	The Company (Note 6)	All companies included in the financial report (Note 7) E
Below NT\$1,000,000		Not applicable
NT\$1,000,000 (inclusive) - NT\$2,000,000 (exclusive)		
NT\$2,000,000 (inclusive) - NT\$3,500,000 (exclusive)		
NT\$3,500,000 (inclusive) - NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) - NT\$10,000,000 (exclusive)	Chen Hsien Chung; Chung Chin Ling	
NT\$10,000,000 (inclusive) - NT\$15,000,000 (exclusive)	Chin Yu Chung; Hsieh Chin Lung	
NT\$15,000,000 (inclusive) - NT\$30,000,000 (exclusive)	Huang Chao-Hsing	
NT\$30,000,000 (inclusive) - NT\$50,000,000 (exclusive)	-	
NT\$50,000,000 (inclusive) - NT\$100,000,000 (exclusive)	-	
Over NT\$100,000,000		
Total	5 persons	Not applicable

Note 1: The names of the president and vice president are required to be presented separately; the amount of payments made may be presented in aggregate sums. If a director is also a president or vice president, this table and table (1-1), or (1-2-1) and (1-2-2) above shall be filled in.

Note 2: Refers to salaries, allowances and severance pay made to the president and vice president in the last year.

Note 3: Refers to various bonuses, rewards, transportation fees, special disbursement, various subsidies, accommodation, company car and physical offers etc. as well as other remuneration amounts. Where housing, cars, vehicles or personal allowances were granted, the nature and cost of assets, the rental rates (calculated based on actual or fair value), cost of petrol and other subsidies are also disclosed. Where personal drivers were allocated, please make a footnote disclosure explaining the amount of salaries made to drivers, but do not count them as part of the remuneration paid to the above benefits. Part of the salary expense was recognized according to IFRS2 – “Share-based Payment.” Amounts including employee stock options, restricted employee shares and subscription to cash issues are treated as remuneration.

Note 4: Represents the amount of employee remuneration provided for the president and vice president (in cash or in shares), which the Board of Directors has proposed as part of the most recent earnings appropriation (where the amount could not be estimated, a calculation was made based on last year’s payout ratio). Table 1-3 has been prepared in addition to the above details.

Note 5: The disclosure includes all companies covered by the consolidated financial report (including the Company), and represents the total amount of remuneration paid by all companies above to the Company’s president and vice president.

Note 6: The amount of remuneration made by the Company to its president and vice president; the names of president and vice president have been disclosed separately in ranges.

Note 7: The disclosure includes the sum of amounts paid by the consolidated entity (including the Company) to the Company’s president and vice president; the names of president and vice president have been disclosed separately in ranges.

Note 8: The net income after tax refers to the net income after tax of the most recent fiscal year.

Note 9: a. This field represents all forms of remuneration that the president and vice president received from the Company’s invested businesses or the parent company other than subsidiaries (if none, please fill in “none”).

b. For Presidents and Vice Presidents who receive remuneration from parent company or invested businesses other than subsidiaries, amounts received by the Presidents and Vice Presidents from these invested businesses or parent company have been added to Field E of the remuneration range table. In which case, Field E will be renamed “parent company and all invested businesses”.

c. Remuneration refers to any returns, remuneration (including remunerations received as an employee, director and supervisor) and professional service fees which the Company’s president and vice president received for serving as directors, supervisors or managers in invested businesses or the parent company other than subsidiaries.

* The basis of remuneration disclosed above is different according to the basis of the Income Tax Act; hence, the above table has been prepared solely for information disclosure and not for tax purposes.

(3) Top 5 executives of TWSE/TPEX companies with the highest remuneration: not applicable.

(4) Name of Managerial Officers for Distribution of Employees' Remuneration and Distribution Status:

December 31, 2024; Unit: NT\$ thousand

	Title	Name	Stock amount	Cash amount	Total	Ratio of total amount to profit after tax (%)
Managerial Officer	President	Huang Chao-Hsing	0	30,910	30,910	4.61%
	Senior Vice President	Chen Hsien-Chung				
	Senior Vice President	Chin Yu-Chung				
	Senior Vice President	Hsieh Chin-Lung				
	Vice President	Chung Chin-Ling				
	Financial Accounting Manager	Chiang Chih-Ching				

(5) Analysis of remuneration paid to Directors, President and Vice President by the Company and all companies in the consolidated financial statements in the recent two years as a percentage of net income in the parent company only or individual financial statements and explanation on remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

A: Analysis of remuneration paid to Directors, President and Vice President by the Company in the recent two years as a percentage of net income:

Title	Total remuneration as a percentage of net income after tax for 2024	Ratio of total remuneration amount to profit after tax, 2023 (%)
Director	8.99%	9.84%
President and vice president	8.98%	9.83%

Description: The Company's remuneration to directors plus remuneration to part-time employees as a percentage of net income after tax for 2024 and 2023 was 8.99% and 9.84%, respectively, which was mainly due to the increase in the 2024 operating revenue and net income after tax from 2023. The Company does not have consolidated statements.

B. Remuneration policy, standards and composition, procedures and the correlation with operation performance and future risks:

(I) Remuneration policy, standards and composition:

1. The Company's remuneration to directors includes compensation, director's remuneration and other expenses.

(1). Remuneration: In compliance with Article 196 of the Company Act, the Company has established the "Regulations for Remuneration to Directors" as the basis for the payment of remunerations to directors, and proceeded in accordance with the regulations.

(2). Remuneration to directors:

A. The general directors are paid in accordance with the Company's "Regulations for Remuneration to Directors." The remuneration is calculated as a fixed equal payment and a payment at variable rate. The items calculated at the variable rate including attendance rate, average number of shares held, bank guarantee, and performance evaluation. If no director serves as a Bank's guarantor during the year, the said ratio shall be included in the calculation of the average

shareholding ratio. The remuneration to independent directors are paid in a fixed month every monthly, but not involving the distribution of directors' remuneration.

B. Pursuant to Article 21 of the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall allocate no more than 3% as directors' remuneration. However, when the Company still has cumulative deficit, it shall reserve an amount to compensate for it first and then appropriate amounts as directors' remuneration in accordance with the aforementioned percentages. The directors' remuneration will be reported in the shareholders' meeting.

(3). Other expenses: The Company's directors may receive transportation stipend when attending a meeting.

2. The Company's managerial officers' remuneration includes salaries, bonuses and employee remunerations.

(1). Salary: The monthly salary is approved based on the managerial officer's education and experience, professional ability, and the position and rank within the Company.

(2). Bonuses and employee remuneration: The performance of managerial officers is evaluated in accordance with the Company's "Employee Performance Appraisal Operating Procedures." The evaluation results are used as a reference for the distribution of managerial officers' bonuses. The evaluation items are divided into financial indicators and non-financial indicators, to calculate their operating performance remuneration. The Company reviews the remuneration system in a timely manner based on the actual operating conditions and relevant laws and regulations. According to Article 21 of the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall allocate 5~15% of the profit as employee remuneration. However, when the Company still has cumulative deficit, it shall reserve an amount to compensate for it first and then appropriate amounts as employees' remuneration in accordance with the aforementioned percentages. The employees' remuneration will be reported in the shareholders' meeting.

3. The composition of remuneration paid by the Company shall comply with the organizational charter of the Remuneration Committee, including cash remuneration, stock options, bonus shares, retirement benefits or severance pay, various allowances and other measures with substantial incentives; its scope shall be similar to the scope related to directors' and managerial officers' remunerations specified in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(II) Procedures for determining remuneration:

1. In order to regularly evaluate the remuneration of directors and managerial officers, the evaluation results of the "Self-Evaluation or Peer Evaluation of the Board of Directors" is referred to for the Company's directors, and the "Employee Performance Appraisal Operating Procedures" for managerial officers and employees.

2. In 2024, the performance evaluation results of the Board of Directors, board members, members of various functional committees and all managerial officers have met or exceeded the predetermined target requirements.

3. Regarding the remunerations of the Company's directors and managerial officers, except by referring to individual performance achievement rate and contribution to the Company, as well as the overall operating performance of the Company, future risks and development trends in the industry, the remuneration system is reviewed from time to time depending on the actual operating conditions and relevant laws and regulations. In addition, we also comprehensively consider the current corporate governance trends to provide reasonable remuneration, which are regularly evaluated and reviewed by the Remuneration Committee and the Board of Directors every year, to seek a balance between the Company's sustainable operation and risk control.

(III) Correlation with operating performance and future risks:

The review of the payment standards and system related to the Company's remuneration policy mainly takes account of the overall operation of the Company, and the performance

achievement rate and contribution are referred to for determining the payment standards, to improve the overall organizational efficiency of the Board of Directors and management team. In addition, reference is made to the remuneration standards in the industry to ensure that the remuneration of the Company's management is competitive in the industry, to retain outstanding management talents.

III. Corporate Governance Status

(I) Information on the operations of the Board of Directors:

In the most recent fiscal year, a total of 5 Board meetings were held (A), the attendance of the directors is as follows:

Title	Name	Actual attendance B	Attendance by proxy	Actual attendance rate % [B/A]	Remark
Chairman	Chen Chien-Liang	5	0	100%	
Director	Chen Mao-Chang	5	0	100%	
Director	Huang Chao-Hsing	5	0	100%	
Director	Lai-Yu Hsiu-Min	5	0	100%	
Director	Representative of Ren Tai Investment Co., Ltd.: Yeh Sheng-mao	5	0	100%	
Director	Representative of Ren Tai Investment Co., Ltd.: Chen Chien-Ting	5	0	100%	
Director	Representative of Ren Tai Investment Co., Ltd.: Liao Wan-Chuan	5	0	100%	Newly elected on June 9, 2023
Director	Representative of Shang-Jin Investment Co., Ltd.: Chang Cheng-Liang,	5	0	100%	
Independent director	Huang Man-Sheng	5	0	100%	
Independent director	Lin Hao-Hsiung	5	0	100%	
Independent director	Wang Chia-Hsiang	5	0	100%	

Other information required:

- I. For Board of Directors meetings that meet any of the following descriptions, state the date, session, the discussed agenda, opinions of independent director opinions and how the company has responded to such opinions:

(I) Matters stated in Article 14-3 of the Securities and Exchange Act.

Date of Board Meeting	Session	Contents of resolution	Opinions of all independent directors	How the company has responded to such opinions
2024/02/29	6th meeting of the 10th term	Motion for appointing CPAs Lin Se-Kai and Lai Tsung-Hsi of PwC Taiwan to audit the Company's various financial reports and tax income on profit-making businesses for 2024.	None	Not applicable
		Proposal for evaluation of the independence and competence of the 2024 CPAs	None	Not applicable
		2023 Statement of Internal Control System	None	Not applicable
2024/04/25	7th meeting of	Proposal for amendment to parts of the provisions of the "Audit Committee Charter"	None	Not applicable

Date of Board Meeting	Session	Contents of resolution	Opinions of all independent directors	How the company has responded to such opinions
	the 10th term	Amendments to certain provisions of the "Parliamentary Rules for Board of Directors Meetings"	None	Not applicable
2024/10/24	9th meeting of the 10th term	Proposal for establishment of the "Procedures for Preparation of Sustainability Report and Sustainable Information Management"	None	Not applicable
		Establishment of the 2025 audit plan	None	Not applicable
2025/02/27	11th meeting of the 10th term	Proposal for 2024 Statement of Internal Control System	None	Not applicable
		Motion for change of CPAs	None	Not applicable
		Proposal for appointing CPAs Lin Se-Kai and Lin Kuan-Hung of PwC Taiwan to audit the Company's financial statements and tax income on profit-making businesses for 2025.	None	Not applicable
		Proposal for evaluation of the independence and competence of the 2025 CPAs	None	Not applicable

(II) Except for the preceding matters, any matter resolved by the Board of Directors with an independent director expressing an objection or reservation that has been included in records or stated in writing: none.

II. For the implementation and state of directors' recusal for conflicts of interest, the directors' name, topic discussed, reasons for the required recusal and participation in the voting process: none.

III. Evaluation cycle and period, evaluation scope, method and self-evaluation or peer Evaluation of the Board of Directors: The Self-Evaluation or Peer Evaluation of the Board of Directors was passed by the Board meeting held on June 12, 2019. An internal board performance evaluation is conducted once a year, which is completed before the end of first quarter of the following year. For an external performance evaluation, an external professional independent institution or external experts or scholars shall conduct an evaluation at least once every 3 years. At the end of 2022, the Company commissioned Taiwan Institute of Ethical Business to conduct an evaluation for the performance of the Board of Directors for 2022, and the evaluation report was submitted on December 29, 2022. The Company reported the results in the board meeting on January 18, 2023 and seek improvement.

The Company has completed the Board of Directors performance evaluation for 2024 in the first quarter of 2025.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once per year	January 1 to December 31, 2024	Board of Directors	Internal self-evaluation of the Board of Directors	Including: participation in the operation of the company, quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors and internal controls
		Individual board member	Self-evaluation by directors	Including: alignment of the goals and missions of the company, awareness of the duties of a director, participation in the operation of the company, management of internal relationship and communication the director's professionalism and continuing education and internal control
		Audit Committee	Committee members' self-evaluation	Participation in the operation of the company, enhancement of awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee,

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
				composition of the functional committee and election of its members, and internal control
		Remuneration Committee	Committee members' self-evaluation	Participation in the operation of the company, enhancement of awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, composition of the functional committee and election of its members

IV. Evaluation of targets (e.g., establishment of an Audit Committee and enhancement of information transparency) for strengthening of the functions of the Board during the current and immediately preceding fiscal years, and measures taken toward achievement thereof: The Company's Board of Directors is operated in accordance with the laws and regulations, Articles of Incorporation and by resolutions of the shareholders' meeting. We encourage directors to take further education and uphold the philosophy of transparent operations and value the interests of shareholders. After a Board meeting is convened, we publicly announce important resolutions of the meeting and aim to develop a diverse board of directors.

(II) Functionality of the Audit Committee:

The Company's Audit Committee is made up of three independent directors. They are responsible for assisting the Board of Directors in fulfilling its role of supervising the quality and integrity of the Company's implementation of accounting, auditing, financial reporting process and financial controls.

Major matters to be reviewed:

1. Financial statements
2. Internal control system and related policy and process
3. Material assets or derivative transactions
4. Material loaning of funds or endorsements/guarantees
5. Raising or issuing marketable securities
6. Derivative financial instruments and cash investments
7. Regulatory compliance
8. Whether or not managers and directors have related-party transactions and possible conflicts of interest
9. Appointment, dismissal or remuneration of CPAs
10. Appointment and dismissal of finance, accounting or internal audit supervisors
11. Fulfillment of responsibilities of the Audit Committee
12. Audit Committee self-evaluation survey on performance

●Review of financial report

The Board of Directors of the Company sent the 2024 business report, an earnings distribution proposal and the financial statements (including balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flow) audited and certified by CPAs, Lin Se-Kai and Lai Chung-Hsi, of PwC Taiwan, to the Audit Committee. The committee has completed the review of said documents and found no discrepancies therein.

●Evaluation of the internal control system effectiveness

The Audit Committee evaluates the effectiveness of the policies and procedures (including control measures on finance, operation, risk management, information security, outsourcing and statutory compliance) of the Company's internal control system. It also reviews the periodic reports of the Company's Audit Department and CPAs as well as management,

including risk management, and statutory compliance. Referring to the 2013 publication by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) on the Internal Control – Integrated Framework published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the Audit Committee believes that the Company’s risk management and internal control system is effective and that the Company has adopted the control mechanisms necessary to monitor and correct non-compliance.

In the most recent fiscal year, a total of 4 Audit Committee meetings were held (A), the attendance of the independent directors is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance (%) (B / A)	Remark
Independent director	Huang Man-Sheng	4	0	100.00%	
Independent director	Lin Hao-Hsiung	4	0	100.00%	
Independent director	Wang Chia-Hsiang	4	0	100.00%	

Other information required:

I. For Audit Committee meetings that meet any of the following descriptions, state the date and session of the Audit Committee meeting held, the discussed topics, the content of the objections, reservations or material recommendations on independent directors, the Audit Committee's resolution and how the company has responded to Audit Committee's opinions.

(I) Matters stated in Article 14-5 of the Securities and Exchange Act.

Date	Session	Contents of resolution	Resolution results	How the company has responded to Audit Committee's opinions.
2024/02/29	3rd meeting of the 3rd term	2023 financial statements	Passed by all independent directors	Not applicable
		Motion for appointing CPAs Lin Se-Kai and Lai Tsung-Hsi of PwC Taiwan to audit the Company’s various financial reports and tax income on profit-making businesses for 2024.	Passed by all independent directors	Not applicable
		Proposal for evaluation of the independence and competence of the 2024 CPAs	Passed by all independent directors	Not applicable
		2023 Statement of Internal Control System	Passed by all independent directors	Not applicable
2024/04/25	4th meeting of the 3rd term	2024 Q1 Financial Statements	Passed by all independent directors	Not applicable
		Proposal for amendment to parts of the provisions of the “Audit Committee Charter”	Passed by all independent directors	Not applicable
		Amendments to certain provisions of the “Parliamentary Rules for Board of Directors Meetings”	Passed by all independent directors	Not applicable
2024/07/25	5th meeting of the 3rd term	2024 Q2 Financial Statements	Passed by all independent directors	Not applicable
2024/10/24	6th meeting of the 3rd term	2024 Q3 Financial Statements	Passed by all independent directors	Not applicable
		Proposal for establishment of the “Procedures for Preparation of Sustainability Report and Sustainable Information Management”	Passed by all independent directors	Not applicable

Date	Session	Contents of resolution	Resolution results	How the company has responded to Audit Committee's opinions.
		Establishment of the 2025 audit plan	Passed by all independent directors	Not applicable
2025/02/27	7th meeting of the 3rd term	2024 financial statements	Passed by all independent directors	Not applicable
		Proposal for 2024 Statement of Internal Control System	Passed by all independent directors	Not applicable
		Motion for change of CPAs	Passed by all independent directors	Not applicable
		Proposal for appointing CPAs Lin Se-Kai and Lin Kuan-Hung of PwC Taiwan to audit the Company's financial statements and tax income on profit-making businesses for 2025.	Passed by all independent directors	Not applicable
		Proposal for evaluation of the independence and competence of the 2025 CPAs	Passed by all independent directors	Not applicable

(II) In addition to the aforementioned matters, motions not approved by the Auditing Committee but passed by the Board with the consent of more than 2/3 of the Directors: none.

II. For the implementation and state of independent directors' recusal for conflicts of interest, the directors' name, topic discussed, reasons for the required recusal and participation in the voting process: none.

III. The communication between the independent directors and the chief internal auditor (materiality, means and result of communication on the financial position and operation of the company should be covered):

(1) The independent directors communicates with the chief internal auditor through the Audit Committee and Board of Directors. The chief internal auditor provides a report on internal audit status and internal control operations. The last month's internal audit report is also emailed to independent directors on a monthly basis.

Summary of communication between the independent directors and the chief internal auditor

Date	Communication focus
Audit Committee' meeting on 2024/02/29 Board of Directors' meeting on 2024/02/29	Report on internal audit implementation status 2023 Statement of Internal Control System
Audit Committee' meeting on 2024/04/25 Board of Directors' meeting on 2024/04/25	Report on internal audit implementation status
Audit Committee' meeting on 2024/07/25 Board of Directors' meeting on 2024/07/25	Report on internal audit implementation status
Audit Committee' meeting on 2024/10/24 Board of Directors' meeting on 2024/10/24	Report on internal audit implementation status Establishment of 2025 audit plan
Audit Committee' meeting on 2025/02/27 Board of Directors' meeting on 2025/02/27	Report on internal audit implementation status 2024 Statement of Internal Control System

- (2) Independent directors communicate with CPAs via through Audit Committee. The CPAs provide an explanation upon issuance of the annual financial report and engage in a full communication and discussion on whether there are major adjustments to the records or amendments to the laws and regulations that affect the accounts.

Summary of communication between the independent directors and CPAs

Date	Communication focus
2025/02/27 Before an Audit Committee meeting	1. The method and scope of the audit. 2. Audit findings. 3. Other communication matters. 4. CPA independence. 5. Firm's AQL.

Summary of communication between the directors and CPAs

Date	Communication focus
2025/02/27 Before the Board of Directors meeting	1. The method and scope of the audit. 2. Audit findings. 3. In-house prepared financial statements. 4. Regulatory Update.

(III) Corporate governance implementation and the deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies and reasons:

Evaluation item	State of operation			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Has the company established and disclosed its rules of corporate governance in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies?	V		The Company has established the “Corporate Governance Best Practice Principles” according to the resolution of the Board of Directors, and has disclosed such principles on the Company’s website and the Market Observation Post System (MOPS).	No difference
II. Company’s shareholding structure and shareholders’ equity				No difference
(I) Has the Company established the internal procedures for handling shareholders’ proposals, doubts, disputes, and litigation matters; in addition, have the procedures implemented accordingly?	V		(I) The Company has established a spokesperson system to properly handle shareholders’ proposals and doubts. In the event of a litigation matter, a legal advisor is engaged to handle such matter. There have not been any disputes or litigation as the Company has maintained a harmonious relationship with shareholders.	
(II) Is the Company constantly informed of the identities of its major shareholders and the ultimate controller?	V		(II) As we keep a sound relationship with major shareholders, we are able to grasp the names of major shareholders and ultimate controllers who have actual control over the Company. We report the number of shares held by directors and major shareholders on a monthly basis as required by the competent authorities.	
(III) Has the Company established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) We have “Management of Related-Party Transactions” in place in the internal control system which stipulates clear rules for transactions with affiliates. We also have a complete firewall and risk control mechanism.	
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	V		(IV) We have formulated the “Procedures for Handling Material Inside Information” and “Procedures for Prevention of Insider Trading” to regulate the related contents. Meanwhile, we conduct the internal education training and promotion regularly every year.	
III. Composition and Responsibility of Board of Directors				No significant differences
(I) Has the Board of Directors formulated a diversity policy and specific management objectives and have them implemented?	V		(I) Please refer to the description on Page P.10~12 of this Annual Report.	
(II) Apart from the Remuneration Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?		V	(II) The Company has formed a Remuneration Committee in 2011 and Audit Committee in 2017. In the future, other types of functional committees will be set up in accordance with the laws and regulations or the actual needs.	
(III) Has the Company established a set of	V		(III) The Company formulated the Self-	

Evaluation item	State of operation			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
policies and assessment tools to evaluate the board's performance? Is performance evaluated regularly at least on an annual basis? In addition, has the result of the performance assessment been submitted to the board of directors' meeting and used as reference for the remuneration and nomination or reelection of individual director? (IV) Does the Company assess the independence of Certified Public Accountant (CPA) on a regular basis?	V		Evaluation or Peer Evaluation of the Board of Directors and its evaluation methods in June 2019. Since 2020, a self or peer evaluation is conducted on the Board of Directors and individual directors each year. The performance evaluation results for the first quarter of 2024 were reported at the Board meeting held on February 27, 2025. The results of the performance evaluation of the Board of Directors are used as a basis for selection or nomination of directors. The results of the performance evaluation of individual directors are executed in accordance with the "Regulations for Remuneration to Directors" amended in March 2021. The performance evaluations are linked with remuneration of directors as they account for 10% of the ratio of remuneration to directors. (IV) The Company' Audit Committee assesses the independence and competency of the external auditors each year, and demands that the external auditors should provide "Statement of Independence" and "AQIs", and also conduct the assessment in accordance with the following norms and 13 AQIs. Upon confirmation, it was found that, except the fees for certification and taxation affairs, the CPAs had no financial interests or business relationship with the Company. The CPAs' family members were also found free from any violations of the independence requirements. Meanwhile, in reference to the AQI indicators, CPAs and their firms were also confirmed to outperform the average level among the peers in the same trade in terms of the experience in audit and training hours. Further, the Company has also continued to implement the digital audit tools in the most recent three years to improve its audit quality. The assessment results for the most recent year have been discussed and approved by the Audit Committee on February 27, 2025, and reported to the Board of Directors on February 27, 2025 for resolution on the assessment on independence and competence of the CPAs. The Company's standards for assessment on the CPAs' independence are specified as following:	

Evaluation item	State of operation			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			1.A CPA shall be clearly aware of the CPA's responsibility for auditing and certifying financial statements, and plan the certification of, and execute the audit on, financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and auditing standards of the R.O.C. to provide the reasonable basis for the opinions provided by him during the audit and certification. 2.A CPA shall perform the professional services with integrity and objective standpoint and keep independent spirit, and provide opinions impartially. 3.The CPAs have no direct or significant indirect financial interests with the Company. 4.The CPAs have no financing or guarantee activities with the Company or its directors. 5.The audit carried out by the CPAs is not affected due to the consideration of the possibility of loss of the Company's customers. 6.The CPAs have no close business relationships or potential employment relationships with the Company. 7.The CPAs have no contingent fees in relation to audits. 8.The members of the audit team of the accounting firm do not currently serve as a director or manager or have significant influence over the audit cases of the Company; nor have they done so in the past two years. 9.The non-audit services provided by the accounting firm do not indirectly affect the important items of audit cases. 10.The CPAs do not promote or broker any shares issue or other securities by the Company. 11.The CPAs do not serve as an advocate for the Company or coordinate conflicts with other third parties on behalf of the Company. 12.The CPAs are not relatives with the Company's directors or managers or personnel who have significant influence on audits. 13.The CPAs have not retired within one year after serving as a director or manager, or personnel who have significant influence on audits. 14.The CPAs have not received any gifts or	

Evaluation item	State of operation			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			presents of significant value from the Company's directors or managers. 15.The CPAs have not accepted improper choices of accounting policies or improper disclosures in the financial statements by the Company's management. 16.The CPAs have not accepted any pressure on the accounting firm from the Company to improperly reduce items that shall be audited.	
IV. Has the publicly listed company designated a department or personnel that specializes (or is involved) in corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, convention of board meetings and shareholders' meetings, company registration and changes, preparation of board meeting and shareholders' meeting minutes etc.)?	V		The Chief of the Finance Division, Chiang Chih-Ching, concurrently serves the corporate governance officer, and is responsible for corporate governance affairs. Mr. Chiang Chih-Ching has more than three years of experience as a supervisor in compliance, finance, shareholder service, or corporate governance-related affairs of a public-listed company. The corporate governance officer is mainly responsible for: 1. Handling matters relating to board meetings and shareholders meetings according to laws 2. Producing minutes of board meetings and shareholders meetings 3. Assisting in onboarding and continuous development of directors 4. Furnishing information required for business execution by directors 5. Assisting directors with legal compliance 6. Report to the board of directors the results of its review on whether the qualifications of independent directors comply with relevant laws and regulations at the time of nomination, election and during their tenure. 7. Handling matters relating to the change of directors 8. Other matters set out in the articles of incorporation or contracts Please refer to the following table for the status of continuing education of the corporate governance officer in 2024.	No difference
V. Has the Company provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Company has a spokesperson in place as an external communication channel. There is also a section dedicated to stakeholders on the company website to provide them with relevant contact means for them to ask questions and express their views. By doing this, we are able to understand the reasonable expectations and needs of stakeholders while also providing timely responses in handling their concerned issues. Please refer to the following table for details.	No difference

Evaluation item	State of operation			Deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			protecting their rights and interests. (IV) Supply relations: we keep a sound relationship with suppliers and seek a win-win situation through collaboration. (V) Rights of stakeholders: the Company keeps the communication channel open at all times and put into play the spokesperson mechanism. As well as this, we also uphold the principle of integrity in the course of disclosing information in a timely manner to protect investor relations and the rights and interests of stakeholders. (VI) Continuing education of directors: please refer to the following table. (VII) Implementation of risk management policy and risk measurement criteria: based on the risk evaluation results, the internal auditors formulate an annual audit plan to submit to the Board of Directors for approval. In doing this, the effectiveness of the design and implementation of the Company's internal control system is evaluated. Also, the self-evaluation of the internal control system conducted by internal units each year also helps understand the Company's implementation of risk management policy and risk measurement criteria. (VIII) Implementation of customer policy: The Company has established a customer complaint handling process. The interaction and communication between the Company and customer are sound. (IX) Purchase of liability insurance for the Company's directors: The Company has applied and purchased liability insurance for directors.	
IX. Please provide explanation on the improvement status of the corporate governance evaluation announced by Taiwan Stock Exchange (TWSE) in the most recent year, and provide priority enhancement and measures for matters yet to be improved. (Exempted for company not listed for evaluation) The Company has completed its self-evaluation of the 2024 corporate governance assessment and conducted review according to the results. In the future, the Company will continue to promote related affairs to better meet applicable regulations.				

1. Stakeholders:

- (1) The Company's stakeholders include shareholders, employees, customers and suppliers. The Company always keeps the fair communication with all of them, and report the status of communication with stakeholders regularly at the Board of Directors meeting once per year.
- (2) The communication with various stakeholders in 2024 has been reported to the Board of Directors on January 17, 2025. The communication with various stakeholders and contents of the report in the most recent year are stated as following:

Stakeholder	Issues concerned	Communication channel and response	2024 Communication Outcome
Customer	Ethical Corporate Management Information security and customer privacy Risk management Innovation and R&D Product liability Occupational health and safety Human Rights Firefighting management and emergency response	1. Customer satisfaction survey 2. In response to the audit on customers' requirements, and adopt prevention actions and continuous improvement measures. 3. Technology research and development information requirements 4. Contact person: Marketing & Sales Division/Ms. Hsu Ti-Wei (03) 419-2969, Ext. 886	1. Score of 90 points for the customer satisfaction survey in 2023. 2. Accept the audits and visits conducted by customers irregularly 3. Participate in international exhibitions once annually 4. Regular and irregular online meetings held with customers to discuss technical issues 5. Respond to customers' requests immediately through the message section on the Company's website
Government agencies	Risk management Water resource management Energy management Occupational health and safety Firefighting management and emergency response	1. Contact person: Fire Control and Occupational Safety: Mr. Huang Chien-Jung (03) 419-2969, Ext. 552 Environmental Protection: Ms. Chen Pei-Hsuan (03) 419-2969, Ext. 553 Human Resource & Administration Division/Ms. Chung Chin-Ling (03) 419-2969, Ext. 222 2. Attend the programs organized by government or agencies 3. Conduct the periodic audit on laws & regulations and the audit by the Office of Auditing on legal compliance voluntarily to ensure the Company's compliance 4. Accept the audit, official correspondences and policy promotion by the competent authority involuntarily	1. The Company has paid various taxes and duties pursuant to laws in 2024 2. The competent authority of environmental protection conducted 3 audits, and 1 sanction for violation was imposed for an administrative fine of NT\$100 thousand The competent authority of occupational safety conducted 5 audits, and 1 sanction for violation was imposed for an administrative fine of NT\$120 thousand The competent authority occupational fire safety conducted 2 audits, and no administrative fine was imposed against the Company 3. 296 cases for written correspondences and policy promotion from the competent environmental protection authority 4. 23 cases for written correspondences and policy promotion from the competent environmental protection authority 5. 2 cases for written correspondences and policy promotion from the competent authority of fire protection, and the fire brigade conducted 2 times of field inspection on Pingzhen Plant II. 6. 15 official documents were issued from the Industrial Development Administration, Ministry of Economic Affairs (MOEA), and from the Pingzhen Industrial Park Service Center

Stakeholder	Issues concerned	Communication channel and response	2024 Communication Outcome
			7. Cooperate with the on-site sampling inspections and meter readings of wastewater (sewage) of the industrial park sewage plant of MOEA, 3 times per month, for a total of 72 times, and no abnormalities have been found 8. Routine visits by the Ministry of Labor: - Youth Education and Employment Saving Accounts Program- Youth Employment Navigation Plan conducted 11 times of youth on-site visits 1 time of on-site visit was conducted for the "Migrant Workers Employment Inspection Operation"
Employees	Information security and customer privacy Talent recruitment and retention Occupational health and safety Talent cultivation and career development Human Rights Firefighting management and emergency response	1. Labor-management meetings 2. Remuneration Committee 3. Employee Welfare Committee 4. Publish and provide the Company's important business messages, education & training program information, employee reward and welfare matters and annual performance management operations via the Company's internal email, website and bulletin, from time to time 5. Education and training programs 6. Provide the employee health checkup service each year and physicians' on-site health consulting service each month 7. Convene the occupational safety and health committee meeting (attended by labors' representatives) regularly 8. Conduct various occupational safety and health education & training programs pursuant to laws 9. Conduct various occupational safety and health internal/external promotional activities 10. Set up the complaint channel for employees. Contact Person; Human Resource & Administration Division/Ms. Chung Chin-Ling (03) 419-2969, Ext. 222	1. Convened 4 labor-management meetings in 2024, in order to maintain harmonious labor-management relationship. 2. Arranged general and special health examinations for employees in August 2024. 3. Establish the sound remuneration and welfare system to provide employees with reasonable treatment and incentive 4. Uphold the principles of impartiality and no-discrimination to provide employees with equal employment opportunities 5. Encourage employees to attend external education & training program to improve their professional skills 6. According to the work rules enacted pursuant to labor laws, the Company expressly defines various labor conditions, protects employees' valid interest and right, and sets up the complaint channel via which employees may feed back their opinions and seek fair and reasonable treatment at any time 7. Convened a total of 4 quarterly occupational safety and health committee meetings in 2024. 8. The statistics on the internal environmental protection, occupational safety and fire safety promotion in 2024 are as follows: Release 2 promotional notices and 12 consulting cases from colleagues internally for occupational safety Release 11 promotional notices and 30 consulting cases from colleagues internally for environmental protection Release 9 promotional notices and 1 consulting cases from colleagues internally for firefighting 9. The environmental protection, occupational safety and fire safety trainings statistics in 2024 are as follows:

Stakeholder	Issues concerned	Communication channel and response	2024 Communication Outcome
		E-MAIL : appeal@vpec.com.tw Mailing address: No. 16, Gongye 1st Road, Pingzhen District, Taoyuan City	A total of 80 participants and 584 hours for external and internal occupational safety and health trainings A total of 4 participants and 24 hours for external environmental protection training A total of 155 participants and 167 hours for external and internal firefighting training 10. For the education & training and promotion courses participated by employees in 2024, the training hours is as follows: 328 people participated in internal and external trainings, and the total number of training hours is 5,428 hours
Banks	Business performance Corporate governance Ethical Corporate Management Risk management	1. Contact person: Financial Division/Mr. Chiang Chih-Ching (03) 419-2969, Ext. 706 2. Communication channel and response method: (1) Telephone interviews (2) Physical visit (3) Annual report and sustainability report for shareholders' meeting (4) Financial statements	1. Completion of bank loan renewal 2. Banks' irregular visits 3. Financial statements published quarterly
Supplier	Sustainable supply chain management Business performance Corporate governance Ethical Corporate Management Information security and customer privacy Risk management Innovation and R&D Product liability	1. Contact person: Supply Chain Management Division/Mr. Yen Jen-Hung (03)419-2969, Ext. 750 Complaint filing email: appeal@vpec.com.tw 2. Letter of Undertaking for Social Responsibility and Ethical Conduct executed by the supplier 3. Certificate of Non-use for Hazardous Substances executed by the supplier, and supplier assessment on product environmental quality (each year) 4. Supplier Assessment Form, Supplier Audit Form (irregularly), Supplier Evaluation Report (annually), Supplier RBA Audit Form (every two years)	Main supplier - achievement and implementation status 1. 100% execution of the Letter of Undertaking for Social Responsibility and Ethical Conduct 2. 100% execution of the Certificate of Non-use for Hazardous Substances 3. 100% supplier assessment on product environmental quality 4. 100% Supplier Audit Form 5. 100% Supplier Evaluation Report 6. 100% Supplier RBA Audit Form
Shareholders/Investors	Business performance Ethical Corporate Management	1. Contact person:	1. Convening 1 annual general meeting.

Stakeholder	Issues concerned	Communication channel and response	2024 Communication Outcome
	Talent recruitment and retention	Financial Division/Mr. Chiang Chih-Ching (03) 419-2969, Ext. 706 President Office/Mr. Su Chan-Lu (03) 419-2969, Ext. 366 2. Communication channel and response method: (1) Real-time announcement of material messages on Market Observation Post System (2) Simultaneous upload of relevant information on the Company's website (3) General shareholders' meeting and annual report (4) Two-way communication between domestic and foreign institutional investors. (5) Invited to attend domestic/foreign forums.	2. Release 26 important messages and 8 public notices, totaling 34 pieces of information. 3. Invited to attend 12 sessions of investor conferences (2 domestic conferences and 10 overseas conferences). 4. Attend 113 exchange meetings with domestic/foreign institutional investors. 5. Spokesperson replied to shareholders' questions from time to time

2-1. 2024 continuing education of directors

Title	Name	Date of appointment	Date of appointment	Further education date		Organizer	Course name	Hours of Continuing Education	Whether continuing education meets the requirements
				From	End				
Director	Chen Chien-Liang	2023/06/07	2011/06/10	2024/11/06	2024/11/06	Taiwan Corporate Governance Association	Trend and risk management of generative AI	3.0	Yes
				2024/09/30	2024/09/30	Taiwan Stock Exchange	Increase Taiwan capital market summit	3.0	Yes
				2024/08/02	2024/08/02	Taiwan Corporate Governance Association	Application of modern corporate risk management strategies in corporate governance	3.0	Yes
				2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Director	Chen Mao-Chang	2023/06/07	1996/11/07	2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Director	Huang Chao-Hsing	2023/06/07	2008/06/19	2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Director	Lai-Yu Hsiu-Min	2023/06/07	2005/06/10	2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Corporate director representative	Yeh Sheng-Mao	2023/06/07	2020/06/12	2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Corporate director representative	Chen Chien-Ting	2023/06/07	104/06/24	2024/07/03	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Corporate	Liao	2023/06/09	2023/06/09	2024/05/30	2024/05/30	Taiwan	2024 Global economic	3.0	Yes

Title	Name	Date of appointment	Date of appointment	Further education date		Organizer	Course name	Hours of Continuing Education	Whether continuing education meets the requirements
				From	End				
director representative	Wan-Chuan					Corporate Governance Association	outlook and industrial trend		
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Corporate director representative	Chang Cheng-Liang	2023/06/07	103/06/12	2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Independent director	Huang Man-Sheng	2023/06/07	2017/06/08	2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Independent director	Lin Hao-Hsiung	2023/06/07	2017/06/08	2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
				2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Independent director	Wang Chia-Hsiang	2023/06/07	2013/06/28	2024/11/07	2024/11/07	CPA Associations of R.O.C. (Taiwan)	Insight of trust and information security risks of generative AI applications	3.0	Yes
				2024/11/06	2024/11/06	Taiwan Corporate Governance Association	Trend and risk management of generative AI	3.0	Yes
				2024/11/04	2024/11/04	CPA Associations of R.O.C. (Taiwan)	Types of money laundering requiring accountants' attention and tax crime case examples and analysis	3.0	Yes
				2024/08/02	2024/08/02	Taiwan Corporate Governance Association	Application of modern corporate risk management strategies in corporate governance	3.0	Yes
				2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes

2-2. Continuing education of managerial officers in 2024

Title	Name	Date of appointment	Further education date		Organizer	Course name	Hours of Continuing Education	Whether continuing education meets the requirements
			From	End				
President	Huang Chao-Hsing	2008/06/19	2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
			2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes
Financial Accounting Manager	Chiang Chih-Ching	2020/07/30	2024/12/16	2024/12/17	The ARDF	Continuing Education Course for Principal Accounting Officers of Issuers, Securities Firms and Securities Exchanges	12.0	Yes
			2024/07/03	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6.0	Yes
			2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
			2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes

2-3. Continuing education of corporate governance officer in 2024

Name	Date of appointment	Further education date		Organizer	Course name	Hours of Continuing Education	Whether continuing education meets the requirements
		From	End				
Chiang Chih-Ching	2023/04/27	2024/07/03	2024/07/03	Taiwan Stock Exchange	2024 Cathay Sustainable Finance and Climate Change Summit	6.0	Yes
		2024/05/30	2024/05/30	Taiwan Corporate Governance Association	2024 Global economic outlook and industrial trend	3.0	Yes
		2024/01/26	2024/01/26	Taiwan Corporate Governance Association	Corporate carbon rights and carbon asset management response measures under the global carbon trading mechanism	3.0	Yes

(IV) If the Company has established the Remuneration Committee, its composition, responsibilities and operations should be disclosed:

1. Remuneration Committee Member Information

Criteria Capacity Name		Professional qualifications and experience	Independence	Number of serving members of Remuneration Committees in other public companies
Independent director	Lin Hao-Hsiung	Doctor in Electrical Engineering, National Taiwan University. Current Professor of Graduate Institute of Electronics Engineering, Graduate Institute of Photonics and Optoelectronics. National Taiwan University, College of Electrical Engineering and Information Technology and Department of Electrical Engineering, National Taiwan University. He has the expertise and work experience required for the Company's business and his expertise is used for supervisory function of the Remuneration Committee. Does not meet any of the circumstances in the subparagraphs of Article 30 of the Company Act.	None of the Company's independent directors, their spouses or relatives to the second degree of kinship are directors, supervisors or employees of the Company or its affiliates. The independent director himself/herself, their spouses or relatives of second degree of kinship (or under the name of others) do not hold company shares. Does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship with. Amount of remuneration received for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years is zero.	None
Independent director	Wang Chia-Hsiang	EMBA of National Chengchi University. He is a current accountant/associate/U.S. accountant at Crowe Global, an independent director and serves as an Audit Committee member and Remuneration Committee member of Tainergy Tech. Co., Ltd. He has practical experience in finance, accounting and management and his expertise is used for supervisory function of the Remuneration Committee. Does not meet any of the circumstances in the subparagraphs of Article 30 of the Company Act.		1
Others	Hsieh Ming-Kai	Master, Business Administration, National Chengchi University, Master, Nankai Institute Of Economics, China Current position Corporate director representative of KENMEC MECHANICAL ENGINEERING CO.,LTD. / Corporate Director Representative of Tainergy Tech. Co., Ltd. / Director of Kentec Inc., / Corporate Director Representative of Star Solar New Energy Co., Ltd. / Supervisor of TKT CORPORATION, / Chairman of Taisic Materials Corp., / Chairman of Rui Xuan Investment Co., Ltd., / Chairman of Chief Global Logistics Co., Ltd., / Chairman of Hua Xia Construction Co., Ltd., / Chairman of TAI VISION CO., LTD., / Chairman of Thuntech Co., Ltd. He has practical experience in business and management and his expertise is used for supervisory function of the Remuneration Committee. Does not meet any of the circumstances in the subparagraphs of Article 30 of the Company Act.	None of the Company's Remuneration Committee members, their spouses or relatives of second degree of kinship are directors, supervisors or employees of the Company or its affiliates. The independent director himself/herself, their spouses or relatives of second degree of kinship (or under the name of others) do not hold company shares. Does not serve as a director, supervisor or employee of a company with which the Company has a specific relationship with. Amount of remuneration received for commercial, legal, financial and accounting services provided by the Company or its affiliates in the past two years is zero.	None

2. Information on the operations of the Remuneration Committee

(1) There are 3 members of the Company's Remuneration Committee

(2) Term of Office: June 29, 2023 to June 6, 2026. For the most recent fiscal year, 2(A) Remuneration Committee meetings were held. Qualifications of the members and the attendance are as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Lin Hao-Hsiung	2	0	100.00%	
Member	Wang Chia-Hsiang	2	0	100.00%	
Member	Hsieh Ming-Kai	0	2	0.00%	

Other information required:

- I. In the event where the Remuneration Committee's proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and how the company had handled the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
- II. In case where any member object or express qualified opinions to the resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed.

Date of Remuneration Committee meeting	Session	Contents of resolution	Opinions of members	The Company's handling of such opinions
2024/2/29	2nd meeting of the 5th term	Motion for the 2023 distribution of director remuneration	Passed by all members	Not applicable
		Proposal for 2024 salary adjustment	Passed by all members	Not applicable
2024/7/25	3rd meeting of the 5th term	Proposal for 2023 distribution of remunerations of managerial officers and employees	Passed by all members	Not applicable
2025/2/27	4th meeting of the 5th term	Motion for the 2024 distribution of director remuneration	Passed by all members	Not applicable
		Proposal for 2025 salary adjustment	Passed by all members	Not applicable

(V) Implementation of sustainable development promotion and deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof:

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
I. Has the Company constructed a governance structure to promote sustainable development and established a dedicated (part-time) unit for the promotion of sustainable development, which is managed by senior management by authorization of the board of directors and is supervised by the board of directors? (TWSE/TPEX listed companies shall report the implementation status, not belong to compliance or interpretation.)	V		1. Describe the Company's governance structure to promote sustainable development 2. Describe the implementation of all organizations, including but not limited to: (1) Name of the dedicated (concurrent) unit that promotes sustainable development, timing and authorization of the Board of Directors. (2) The composition, operation and implementation (e.g., work plans and tasks) of the current year of the promotion unit members. (3) The frequency (at least once a year) of the report to the Board of Directors or the date of the report to the Board of Directors.	1. In order to practice corporate social responsibility, promote economic, environmental and social progress, and achieve the goal of sustainable development, the Company's Board of Directors passed the adoption of the Company's "Sustainable Development Best Practice Principles" on April 28, 2022, aiming to manage its economic, environmental and social risks and impacts. 2. The Company's sustainability organization and implementation status are specified as following: (1) Since April 28, 2022, the Company's Board of Directors has authorized the Occupational Safety and Health Section and Environmental Protection Section serve as the dedicated (concurrent) unit that promotes the sustainable development. (2) In addition to the Occupational Safety and Health Section and Environmental Protection Section, the ESG task force consists of the President's Office, Human Resource & Administration Division, Financial Division, Supply Chain Management Division, Facility Division, Factory Affairs Division, Marketing & Sales Division, QA Division and Information Division, dedicated to promoting the ESG (environmental protection, social responsibility and corporate governance)-related business and plan, including preparation of annual sustainability report, inventory of GHS emission and reduction planning, assessment of climate change risks and preparation for adaptation and response. (3) The concurrent unit of environment, safety and sustainability convenes task force quarterly meetings to report to the Chairman, President and other management on the progress of sustainable business and issues of concern to stakeholders, and follow the instructions opinions, or suggestions of the Chairman/President on the sustainable development, to adjust the goal, direction, and implementation focus of the Company's sustainable development. Every quarter (January/April/July/October), the Board of Directors reports the implementation results and future work plans, for the directors to review the progress of the plan, and evaluate various opportunities and risks of the Company's sustainable development.

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
			3. Describe the Board of Directors' supervision on sustainable development, including but not limited to: management policy, strategy and objective setting, review measures, etc.	3. The supervision of the Board of Directors to the sustainable development: the sustainability issues are reported to the Chairman and President by the task force on the quarterly basis for their information, and the representative of the task force reports the implementation results and future work plan to the Board of Directors, so that the directors may review the progress of the plan, and evaluate the Company's ESG opportunities and risks. The taskforce will adjust the Company's ESG targets, orientation and focus per the Board of Directors and executives' instruction, opinion or suggestion on the Company's sustainable development. The task force reports to the Board of Directors on a quarterly basis, including: (1) Completion of the Sustainability Report preparation and its disclosure (2) GHG emission and verification progress. (3) Material topics, targets and action plans of each year. (4) Other reports.
II. Has the Company implemented the risk assessment of environmental, social, and governance issues related to corporate operation and established relevant risk management policies or strategies based on the principle of materiality? (TWSE/TPEX listed companies shall report the implementation status, not belong to compliance or interpretation.)	V		1. Describe risk evaluation boundary (covering the scope of the subsidiary) The risk evaluation boundary disclosed here shall be the same as the boundaries of subsequent environmental and social issues of this table. If there are any differences, the boundary of each issue should be specified. 2. Identify risk evaluation criteria, processes, results and risk management policies or strategies that identify the importance of environmental, social, corporate governance issues.	1. The Company retains an external institution to identify the environment, society and corporate governance issues critical to the Company's operations in accordance with the principles of materiality. The boundary was set as the scope exercisable, controllable or affected by the Company's organization, including foreign labors' dormitory and suppliers, in addition to the Company's production process, Pingzhen factory premises, and the community where it is located. 2. The Company prepares the annual sustainability report and analyzes (including the level of concern of stakeholders, positive and negative impacts) and screens the impact of material issues and strategies based on the principle of materiality. For the specific descriptions of the risk assessment of relevant material issues, please refer to the descriptions in Note 1 below.
III. Environmental issues (I) Has the Company implemented environmental policies suitable for the Company's industry characteristics?	V		1. Describe how to carry out an effective environmental management system and the regulations that it is based on.	1. The Company is in the semiconductor manufacturing industry manufacturing industry, and designates personnel dedicated to environmental management of air pollution, waste water, waste goods and toxic substance. Environmental Protection Section and Factory

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
(II) Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	V		2. Describe the international certification standards (which should be valid as of the publication date of the annual report) passed by the Company and the scopes they cover. Describe the company's policy to enhance the efficiency of energy consumption, including but not limited to: base year data, promotion measures, objectives and achievements.	Affairs Division, as the units dedicated to environmental management, handle various operations prescribed under the environmental protection laws. 2. The Company also implemented the ISO14001:2015 environmental management system and passed the third-party certification in 2002. Then, the Company continues its business until now, including the headquarters and Pingzhen Plant I and Plant II. (for the certificates, please refer to the brand new homepage/EHS section/EHS management system). Based on the environmental policy, the Company has set various environmental objectives and measures such as resource recycling, waste reduction, water and energy conservation and carbon reduction. As well as this, the consumption of water, power and raw materials used per unit of product will be continuously followed up. In terms of energy consumption and greenhouse gas emissions per unit of product, the reduction target is 16,000 metric tons of carbon equivalent by 2030, and net zero emissions by 2050. Compared to the previous year (2023), in 2024, the unit product energy consumption and carbon emission reduction rate is approximately 19%, and the unit product water consumption is reduction rate is approximately 14%. As for energy conservation, the Company has set up dedicated personnel for energy management and has introduced external consultants to evaluate various energy-saving solutions, including improvement constant temperature tank equipment, reduction of water supply pressure of the water purification system, replacement of traditional lamps in the lobby of the Pingzhen Factory with LED lamps, replacement of old air compressors with variable frequency units, VOC system with replacement of new fan motors and suspension of use, cleaning and maintenance of scrubber-1, reduction of fan motor operating frequency of scrubber-2, adjustment of air conditioner operation time, etc. The total electricity consumption is reduced by approximately 1% annually.
(III) Does the Company assess the present and future potential risk and opportunities of climate change and adopt countermeasures related to climate issues?	V		Describe how the Company assesses the present and future potential risk and opportunities of climate change, its assessment results, and its adoption of countermeasures related to climate issues.	Based on the Task Force on Climate-related Financial Disclosures (TCFD) reporting framework, the Company identifies and implements he impacts and effects of climate-related risks and opportunities; we formulate strategies and actions in response to climate change based on the four aspects, namely "governance," "strategy," "risk management," and "indicators and targets," and review targets and performance

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
(IV) Does the Company gather statistics of the greenhouse gas emission, water consumption and the gross weight of waste in the past two years and establish policies for reduction of greenhouse gas emission and water consumption or other waste management?	V		1. Describe the statistics, intensity (e.g., per unit of product, service or turnover calculation) data coverage (including all plants and subsidiaries) for the past two years for the following items: (1) GHG: Including carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, nitrogen trifluoride and others announced by the central authority, distinguished as direct emissions (Scope 1: directly from sources owned or controlled by the Company), energy indirect emissions (Scope 2: indirect GHG emissions from input power, heat or steam) and other indirect emissions (Scope 3: emissions from the Company's activities and not from energy indirect emissions, but sources owned or controlled by other companies); (2) Water consumption; (3) Wastes: distinguished between the total weight of hazardous waste and non-hazardous waste. If a company is in a non-manufacturing industry, there is no need for a distinction; however the total weight of waste shall be disclosed according to the characteristics of the industry. 2. Describe the policy for GHG reduction, water consumption or other waste	indicators on a regular basis. Please refer to the descriptions in Note 2 below. 1. The Company does not consume a large amount of energy (with annual GHG emissions of approximately 16,000 tons). We will continue to keep a close eye on carbon tax and total GHG weight control and their possible impact on our operating activities. Meanwhile, we also revise the Company's strategies for energy saving, carbon reduction and GHG reduction in a timely manner. (1) For the GHG inventory, since 2012, Pingzhen GHG emissions verification (scope includes Scope 1 and Scope 2) has been conducted according to the ISO-14064-1. Furthermore, the GHG emissions inventory conducted in 2021 covered the Company's 2 plants (Scope 1 and Scope 2). In 2022, the GHG emissions inventory not only covered the 2 plants but part of the GHG emissions in Scope 3 was also included. (For GHG emission inventory results for past years, please refer to the brand new homepage/EHS section/EHS management system.) In comparison to previous year, in 2024, the energy consumption and carbon emissions per unit of product were reduced by approximately 19%. The relevant information is also disclosed and surveys are provided to customers and suppliers for reference. (2) The Company's total water consumption in 2023 was 773742 tons and 80915 tons in 2024. The unit chip water consumption in 2024 was approximately 12.5 tons/m², a decrease of 14% from 2023. (3) In terms of waste output, the consolidated waste generated in 2023 was approximately 231 tons, and among which, hazardous waste accounted for 85%, and non-hazardous waste accounted for 15%. The consolidated waste generated in 2024 was approximately 308 tons, and among which, hazardous waste accounted for 84%, non-hazardous waste accounted for 16%. 2. The Company continues to promote the energy-saving and waste reduction policy annually, and establishes energy-saving goals. From

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
			management, including but not limited to: base year data, reduction target, promotion measures and achievement status, etc. 3. Describe various information verification (which should be valid as of the publication date of the annual report) passed by the Company and the scopes that they cover.	2016 to 2024, the average annual energy-saving rate reached 1%. In 2024, with the promotion of equipment improvement of the constant temperature tank, reduction of water supply pressure of the water purification system, replacement of traditional lamps in the lobby of the Pingzhen Factory with LED lamps, replacement of old air compressors with variable frequency units, VOC system with replacement of new fan motors and suspension of use, cleaning and maintenance of scrubber-1, reduction of fan motor operating frequency of scrubber-2, adjustment of air conditioner operation time, the energy-saving rate reached 1%. The Company continued to recycle and reuse a total of 49.9 tons of waste in 2024, an increase of 21% from 2023. 3. The greenhouse gas emission inventory has been verified by a third party and covers two factory areas (scope 1, scope 2 and scope 3) of the Company.
IV. Social issues				
(I) Has the Company formulated management policies and procedures in accordance with the applicable laws and regulations and international conventions on human rights?	V		Describe the human rights policies and specific management plans (e.g., human rights evaluation, mitigation measures for human rights risks, related education and training) and the applicable laws and regulations and international conventions on human rights that the policies and plans were based on.	The Company is committed to protecting the human rights of employees, providing them with a friendly workplace, and complying with the principles and requirements of the Responsible Business Alliance (RBA). We strictly comply with the laws and regulations of the countries/regions where our plants are located, and we also treat all personnel with dignity and respect. In order to fulfill corporate social responsibility, the Company has established the internal "Corporate Social Responsibility Management Manual (M0133)" and relevant standards, and also reviews and evaluates related systems and practices periodically, along with continuous improvement. The Chairman has signed the "Social Responsibility Policy" and disclosed it on the Company's website. Through the annual training program, the Company strengthens the promotion of the "Social Responsibility Policy" and ensures that employees' opinions are understood and that the complaint channels are open for two-way communication. We also fully comply with relevant laws and regulations, and convene labor-management meetings regularly to promote and communicate related issues.
(II) Has the Company established and implemented reasonable employee welfare measures	V		1. Describe employee welfare measures, including but not limited to: employee remuneration, diverse and equal workplace	1. In addition to providing basic protections, including labor insurance, employment insurance, occupational hazard insurance, national health insurance, pension contribution, and parental leave without pay, etc.,

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
(including compensation, holidays, and other benefits) and reflect the corporate business performance or achievements in the employee remuneration?			(including but not limited to: percentage of female employees and senior executives), holidays, various allowances, gifts and subsidies. 2. Describe how operating performance or results are reflected in employee remuneration policy and how it is implemented.	the Company also organizes annual health examinations for employees, and distributes three-holiday bonuses, allowances for weddings, and funeral condolences. In addition, the Company provides a number of welfare measures, including group insurance and domestic and foreign employee travel, etc. The Company is committed to care employees' physical and mental health and quality of life. 2. According to the Company's Articles of Incorporation, if the Company makes a profit for the year, it shall allocate 5% to 15% of the profit as employee remuneration. However, when the Company still has accumulated losses, an amount should be retained to cover the losses and then employee remuneration should be allocated in accordance with the aforementioned percentages. The Company established the "Visual Photonics Epitaxy Co., Ltd. Employee Stock Ownership Trust Committee," and organized the employee stock ownership trust in August 2015, for which the Company and employees could allocate the equivalent amount on a monthly basis to hold the Company's stocks under the systematic investment policy for a long term, in order to help the employees deposit savings permanently and accumulate wealth and to make their retirement life secured.
(III) Does the Company provide employees with a safe and healthy work environment and provide safety and health education to employees regularly?	V		1. Describe the measures for a safe and healthy workplace and education policy for employees and how they are implemented.	1. The specific measures for the Company's working environment and health protection of employees are as follows: ● Carry out periodic regulatory audit (monthly), risk assessment and internal audit (annually) to ensure legal compliance and that there are no concerns of safety and health in the workplace. ● Carry out periodic operating environment inspection (every 6 months) and various equipment automation inspection (monthly). ● Regular fire equipment inspection and maintenance (annually), gas detector calibration (annually) and fire and emergency drills (per six months). ● Employee physical examination, regular general health examination, special health examination. ● Equipment, machine and chemical safety evaluation and activation inspection. ● Occupational safety and health education and training. (including new employee orientation, on-the-job training, case promotion)

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
				●Control of high-risk operations and informing of hazards to vendors upon entry of the plant ●In-plant PPE and education and education and training are provided. ●Occupational health and health promotion services are provided by occupational medicine specialists. ●With respect to major risks and improvement opportunities, we set targets and management plans each year for control and continuous improvement. Each quarter, the Chairman attends the Occupational Safety and Health Committee meetings in person (with labor representatives account for 1/3 of the committee) to participate in various environmental safety and health issues. ●Participate in environmental autonomous management activities, support for toxic disaster response drills and share practical experience. ●The Company values the health of all employees, provides rewards and encourages employees to participate in health promotion activities. For the health issues such as prevention of obesity and three-highs (high blood pressure, high blood sugar, and hyperlipidemia), the Company has adopted specific measures and implementation results: ➢ Healthy diet promotion: One healthy vegetable day is promoted weekly. Healthy diet is advantageous to ideal weight, improve body fat, reduce the risk of slow disease (such as heart disease, diabetes, etc.), and improve the overall health of the body. ➢ Periodic health examination: Employee physical examination, regular general health examination, special health examination, and early discovery of health problems for early prevention, in order to prevent the development of chronic diseases. ➢ Health promotion activities: The Company organizes "Sports Promotion" and "Weight Loss and Weight Reduction Competition" reward activities, in order to encourages employees to participate in various sports activities and to assist employees to control their weight and maintain a healthy body fat rate. ➢ Health implementation results: In 2024, 32 employees have successfully reduced 102.9 kg of weight and 20.6 kg of fat through a combination of healthy diet and exercise. It not only helps employees achieve the health goals, but also further improves the work efficiency and overall health of employees.

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
(IV) Does the Company have an effective career capacity development training program established for the employees?	V		2. Describe certification (which should be valid as of the publication date of the annual report) attained by the company and the scopes that they cover. 3. Describe the number of employee disasters, the number of employees and the ratio to the total number of employees in the current year and improvement measures. 4. Describe the number of fires, the number of employees injured or dead, and the ratio of the injured or dead employees to the total number of employees in the current year, and improvement measures.	2. At the initial stage of establishment in 2001, our Pingzhen Plant passed the hazardous workplace inspection, while the Pingzhen Plant II passed the hazardous workplace inspection in 2018. As required by law, the Company has set up a dedicated first-level management unit and personnel to implement occupational safety and health. Moreover, we have also constructed a management system in accordance with the occupational and health management systems (ISO-45001:2018/CNS-45001:2018) and attained third-party certifications (for certifications, please see the brand new homepage/EHS section/EHS management system on the company website). 3. There were 2 non-traffic commuting accidents in the Company in 2024, resulting in disabling injuries to 2 employees (accounting for 0.55% of employees); the improvement measures are to provide appropriate personal protective equipment and education and training. 4. The number of fire in the Company in 2024 was 0, resulting in 0 employee casualties (0% of total employees)
			Describe the aspects covered in the training program (e.g., new employee training, professional further education, supervisor training), the scope (e.g., managers of all levels, employees) and how it is implemented.	To establish an effective career capacity development training program for the employees: 1. Orientation training: Arrange the general education training program within three months after new employees report on for duty. 2. Professional skill training: Subject to the organizational operations and functions, each department head proposes qualification requirements, and education and training items for the personnel whose work affects the conformity of product requirements and process requirements. Provide the subsidy for employees' education and training with respect to the job promotion and professional certificate/license programs attended by employees. Where an opportunity arises for other duties, we consult with the employee regarding transferring him/her to another department. In doing this, we are able to increase their work experience to facilitate future promotion. 3. Annual education & training: The Company surveys the annual training needs each year, and compiles each department's training needs into the "Annual Training Plan & Implementation Schedule

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
(V) Does the Company comply with relevant laws and international standards with regard to issues of customer health and safety, privacy, marketing and labeling in relation to the products and services and establish relevant policies and complaint procedure to protect the rights of the consumers or customers?	V		Describe regulatory compliance and international standards and describe the name, contents and grievance process of the consumer or customer protection policy.	(FORM M0061-04).” The plan will be implemented upon approval. With respect to the issues of customer health and safety, privacy, marketing and labeling in relation to the products and services, we comply with the RBA Code of Conduct and relevant domestic labor laws. Suppliers of the Company's products and raw materials are required to sign a pledge to forbid the use of environmentally hazardous substances, guaranteeing that products provided are on par with RoHS and other environmental directives. Furthermore, we strictly follow environmental protection laws and regulations and applicable norms in the course of manufacturing and relevant operating activities. The information about related complaint channels and contact information are posted on the Company’s homepage. Please refer to the brand new homepage/EHS section/EHS management system on the company website.
(VI) Has the Company implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health or work rights/human rights issues and does the Company track suppliers' performance on a regular basis?	V		1. Describe supplier management policy and applicable regulatory compliance and its contents of specific requirements on suppliers regarding environmental protection, occupational safety and health or labor human rights	1. The Company’s Supply Chain Management Division has adopted the “Operating Procedure for Suppliers Management (M0047).” The Company conducts the supplier evaluation in accordance with the RBA The evaluation indicators include the supplier’s labor conditions, environmental management, occupational safety and health, corporate ethics and supply chain management. The relevant unit will evaluate the compliance and implementation status. Key issues of concern are as follows: (1) Supplier’s social responsibility and ethical conduct ● Labor : The Company is committed to protect labor's human rights in accordance with internationally recognized standards ● Health and safety: The incidence of work-related injuries and illnesses are minimized as possible and a safe and healthy work environment is established ● Environment: The impact of manufacturing operations on the environment is identified, and the adverse impacts on the community, environment, and natural resources are minimized to ensure public health and safety ● Code of Conduct: To fulfill social responsibilities, suppliers must adhere to the highest ethical standards ● Management system: A management system with scopes related to the above shall be adopted or established. (2) Supplier's environmental hazardous substance management

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
			2. Describe supplier management policy and applicable regulatory compliance implementation (e.g., implementation of self-evaluation of suppliers, coaching or education, performance evaluation).	To protect the environment, and expect the supply chain members to comply with the requirements of the EU directive (RoHS) and REACH. (3) Supplier quality system management Members of the supply chain must comply with the ISO9001 and IATF16949 quality system requirements 2. According to the RBA regulation and other international regulations, the Company demands that the supplier should comply with the Code with respect to the business conduct in labor, health and safety, environment, corporate ethics and management system, and also the laws and regulations applicable in the countries/territories where the Company is operating business. Meanwhile, periodic audit plans are also applied in order to evaluate the supply chain suppliers' implementation status and risk.
V. Has the Company prepared a sustainability report or a report on non-financial information with reference to generally accepted international standards or guidelines? Are these reports supported by the assurance or opinion of a third-party verification entity?	V		1. Describe the international standards or guidelines which the CSR report or a report on non-financial information was prepared with reference to it. 2. Those with assurance or opinion of a third-party verification entity should specify the name, verification items or scope and the standards to which the assurance or opinion was based on.	1. The Company prepares the Sustainability Report in accordance with the international standards (GRI/SASB/TCFD) and plans to disclose the Company's 2024 Sustainability Report in August 2025. 2. The 2024 report was verified by TUV NORD Taiwan Co., Ltd. according to the AA1000AS v3 standard, and has qualified for Class 1 moderate assurance level.
VI. If the Company has established its own Sustainable Development Best-Practice Principles based on the “Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies,” please describe any discrepancies between the principles and their implementation: The Company’s Board of Directors meeting held in April 2022 passed the formulation of “Sustainable Development Best-Practice Principles” to reinforce the implementation of corporate social responsibility. The Company reviews its corporate social responsibility in accordance with these Principles and make improvements and there is no discrepancy.				
VII. Any other important information that may help in understanding the performance of sustainable development better: - The Company complies with the Code of Conduct of the Responsible Business Alliance (RBA) and domestic labor laws to prepare the “Corporate Social Responsibility Management Manual (M0133)” as the professional ethical guidelines to be followed by the Company and all of its employees. A third party organization contracted by the RBA also implements the Validated Assessment Program (VAP) on effectiveness of the Company’s labor conditions, environmental management, occupational safety and health, corporate ethics and supply chain management once every two years. - Through the establishment of employee suggestion boxes, internal information announcements and regular labor-management meetings, along with other diversified two-way communication channels, we enhance and optimize workplace harmony and ensure employees' rights and interests. - We provide an employee health examination, analyze and track their health information to further promote their health. - Emergency assistance is set up to help employees better respond to emergencies and we provide good physiological counseling to employees.				

Implementation items	Implementation status			Discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and cause
	Yes	No	Summary	
5.			In order to provide customers with the best service quality, we promote green products and operating continuity management programs.	
6.			Participate in Pingzhen Industrial Park environmental safety and health autonomous management activities, support for toxic disaster response drills and prepare the equipment for response to incidents at the factory premises of neighboring manufacturers.	
7.			Introduce the Occupational Safety and Health Management System (ISO 45001:2018/CNS 45001:2018) and obtain the third-party certification.	
8.			We provide coaching of a variety of professional institutions to continue to promote pollution prevention, energy conservation and carbon reduction and hazards prevention measures.	
9.			Various environmental safety and health operations in the plant are implemented and internal and external professional training and drills arranged.	
10.			We promote environmental protection in the office and implement the resource recycling and classification, and properly handled to avoid pollution to the environment.	
11.			Moreover, we carry out audits on hazardous industrial waste and vendors to ensure their compliance, in order to the Company's implementation of corporate social responsibility.	
12.			To jointly establish a quality working environment, we have signed a greenery adoption agreement and green management plan with Pingzhen Industrial Park.	
13.			In 2022, the National Industrial Park Occupational Safety and Health Outstanding Personnel Award was granted.	
14.			In 2024, we donated the goods to the "Pingzhen Industrial Park 2024 Winter Charity Market" event, provided care to the disadvantaged groups and children's homes and distributed our love and warmth to them in cold winter.	
15.			From 2024/1/17~2024/4/17, the Bank of Kaohsiung's NT\$30 million green/sustainable time deposits were undertaken.	
16.			During 2024/7/23~2024/10/21, the Company invested in Taiwan Power Company's 2024 5th unsecured common corporate bonds, bond code: B903ZA; bond name: P12 Taipower 5B, at an amount of NT\$60 million, and the bond acquisition was qualified for trading on the GreTai Securities Market.	

Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities. 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term). 3. Describe the financial impact of extreme weather events and transformative actions. 4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system. 5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described. 6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks. 7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated. 8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified. 9. Greenhouse gas inventory and assurance status <u>and reduction targets, strategy, and concrete action plan</u> (separately fill out in points 1-1 and 1-2 below).	1. Please refer to the descriptions in Note 2 below. 2. Please refer to the descriptions in Note 2 below. 3. Please refer to the descriptions in Note 2 below. 4. Please refer to the descriptions in Note 2 below. 5. Please refer to the descriptions in Note 2 below. 6. Please refer to the descriptions in Note 2 below. 7. Please refer to the descriptions in Note 2 below. Currently, an internal cost (the shadow price) of NT\$300 per ton -carbon price announced by the Ministry of Environment (MOE) is used for the evaluation and planning. Subsequent adjustments will be made irregularly based on the carbon price announced. 8. Please refer to the descriptions in 1-2 below. 9. Please refer to the descriptions in 1-1 and 1-2 below.

1-1. Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Describe the emission volume (metric tons CO ₂ e), intensity (metric tons CO ₂ e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.
The inventory of greenhouse gas emissions completely covers the two factory areas of the Company, and the greenhouse gas emission scopes 1 to 3 have also been included in the inventory.
In 2023, the Scope 1-2 greenhouse gas emissions volume was 15507.82 tons of CO ₂ e (Scope 3 was 2956.05 tons of CO ₂ e), and the Scope 1-2 intensity was 5.77 tons of CO ₂ e/NT\$ million; the 2024 greenhouse gas emissions for scopes 1 and 2 were 15936.08 tons CO ₂ e Tons of CO ₂ e (Scope 3 is 3026.46 tons of CO ₂ e), and Scope 1-2 intensity is 4.92 tons of CO ₂ e/NT\$ million of revenue.

1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.
The assurance of the greenhouse gas emission inventory for 2023 and 2024 was conducted by SGS, and the assurance scope covers greenhouse gas emission scopes 1 - 3. The inspection was completed according to ISO14604-3 and complies with the ISO14064-1:2018 standards. However, the verification has not been completed for 2024, and the complete assurance and information will be disclosed in the Sustainability Report.

1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.	
1. The Company has started to conduct voluntary inventory in 2012 (there was only Pingzhen Plant at the time). The inventory in 2021 covered both factories of the Company. In 2022, as required by the latest version of ISO14064-1: 2018, Scopes 1 - 3 were included, and for the purpose of the inventory completeness, 2022 is determined as the base year. In 2024, the scope of Scope 1-2 greenhouse gas emission was 15936.08 tons CO₂e (scope 3 was 3026.46 tons CO₂e). 2. The reduction targets and strategies are divided into three phases: short, medium and long-term. The objectives and implementation methods of each phase are adjusted on a rolling basis depending on government policies, stakeholder requirements and expectations, prices and volume of supply and demand in renewable energy and carbon market, and internal cost-benefit assessments: For the long-term, it is benchmarking of government policies to achieve net zero emissions by 2050 through renewable energy (RE100), carbon rights and supply chain management. For the medium-term, the Company is benchmarking the Science-Based Reduction Targets Initiative (SBTi). Through the introduction of renewable energy (RE50) and energy storage facilities, the Company aims to control the Company's carbon emissions (scopes 1 and 2) at 8,000 metric tons in 2040. For the short term, through energy efficiency improvement, replacement of old equipment and introduction of renewable energy (RE10-30), the Company's goal is to continue to increase the production value before 2030 while maintaining no significant increase in the carbon emissions or emission intensity (total of Scope 1 and Scope 2 emissions less than 16,000 tons, and emission intensity not exceeding 5.9 tons/NT\$ million of revenue) 3. Specific action plans and achievement of reduction targets For 2019 to 2024, we have set the goal of average annual energy-saving rate reaching 1%. In 2024, with the promotion of equipment improvement of the constant temperature tank, reduction of water supply pressure of the water purification system, replacement of traditional lamps in the lobby of the Pingzhen Factory with LED lamps, replacement of old air compressors with variable frequency units, VOC system with replacement of new fan motors and suspension of use, cleaning and maintenance of scrubber-1, reduction of fan motor operating frequency of scrubber-2, adjustment of air conditioner operation time, the energy-saving rate reached 1%.	

Note 1. Specific description of risk assessment of material issues

Material Topic	Risk Assessment Items	Importance and meaning to the Company's operations	Risk level	Management directives
Corporate governance	Ethical Corporate Management	Ethics is the top priority for business operations. Visual Photonics Epitaxy adheres to the business philosophy of "innovation, excellence, sharing, teamwork, and ethics," and prohibits any unethical conducts, to achieve the goal of sustainable operation.	Medium	- The Board of Directors and senior management commit to actively promote ethical corporate management - Organize ethical corporate management education and training periodically - Review the implementation status of ethical corporate management periodically - Establish a specific whistleblowing system - Periodically review and improve the Company's ethical corporate management policy and promotion measures
	Business performance	With the goal of maintaining a leading position in the market, Visual Photonics Epitaxy continues to deepen investment in product development and process technology, to reduce production and operation costs, and maximize operating benefits.	Medium	- Strengthen corporate governance and risk management - Enhance product performance and innovation ability - Optimization of supply chain management - Achieve value sharing
	Information security and customer privacy	Information security management and protection of customer/corporate trade secrets is able to enhance the Company's competitiveness and prevent damage to	Medium	- Implementation of rigorous information security management is able to ensure continuous of operation, to reduce information security risks, and to maintain the trust of customers and investors. - Ensure the confidentiality, integrity and availability of information assets, and

Material Topic	Risk Assessment Items	Importance and meaning to the Company's operations	Risk level	Management directives
		stakeholders' rights and interests		maintain the stability and continuous development of business operations. • Implement educational training and information security promotion periodically, strengthen employees' awareness on information security and protection of customer and personal privacy. • Intellectual property rights management • Trade secret management
Environment	Waste management	Waste management is able to reduce the impact of the Company's operations on the environment, reduce operating costs, and ensure compliance, thereby achieving competitive advantages for enterprises.	High	• Introduction of environmental management system • Environmental regulation compliance • Waste resources • Encourage and promote the recycling and reuse of resources
	Climate change adaptation and mitigation	Formulate climate change mitigation and adaptation strategies to respond to the impact of global climate change, fulfill the responsibility to protect the global environment, and ensure the sustainable development of the enterprise	Medium	• Continue to conduct greenhouse gas inventory and promote energy conservation and carbon reduction programs. • Adjust energy saving, carbon reduction and net zero path irregularly based on government policies, stakeholder requirements, and market conditions • Based on the assessment of climate-related financial risks and opportunities, the Company formulates the mitigation and adaptation strategies and makes the adjustments irregularly
	Energy management	Stakeholders concern about the utilization of energy resources, risk management and control, and the countermeasures in the event of a shortage of energy resources	Medium	• Energy management, energy saving measures and introduction of renewable energy • Equipment energy efficiency and energy conservation management • Encourage and promote the recycling and reuse of resources
	Water resource management	Taiwan is facing the risk of water shortage. Water resource is crucial to the semiconductor production and manufacturing. Accordingly, proper management of resources is able to prevent the risk of operation interruption.	Medium	• Water recycling and water resource risk management • Encourage and promote the recycling and reuse of resources • Establish business continuity plan for the risk of water shortage
	Product liability	The Company has approved the management of prohibited hazardous substances and conflict minerals, in order to ensure that the Company's products meet the international environmental protection regulations and customer requirements, thereby preventing related risks and improving the corporate image, while making contribution to the protection of the ecology and human health.	Medium	• Product hazardous substance management 1. International green environmental protection regulatory audit 2. Update and maintain the list of hazardous substances 3. Suppliers are required to sign the hazardous use restriction guarantee and to provide composition analysis data 4. Periodic supplier evaluation 5. Products are delivered to third-party certification agencies for testing • Conflict minerals management 1. Suppliers are required to sign the non-use of conflict minerals undertaking 2. Supplier due diligence

Material Topic	Risk Assessment Items	Importance and meaning to the Company's operations	Risk level	Management directives
Society	Talent recruitment and retention	Emphasize employee diversity, maintain gender equality, establish friendly workplace, implement the concepts of inclusion, equality and inclusiveness, create an environment for talent retention, enhance employees' recognition and sense of belonging to the Company Share corporate profits, attract and retain talents, reduce employee turnover rate, improve work stability, encourage long-term contributions, improve overall performance of the company and create a win-win situation for the Company and employees	High	- Provides diverse, respected and equal employment opportunities based on the International Labor Rights Standards and local laws and regulations, regardless of the factors of gender, age, nationality, ethnicity, religion, gender identity, political association, and marital status. - Offer competitive remuneration, diverse welfare measures, and comprehensive retirement plan - Improve and optimize workplace harmony through the establishment of employee suggestion boxes, internal information announcements and regular labor-management meetings, along with other diverse two-way communication channels, in order to ensure employees' rights and interests - Provides employees with flexible working hours to allow them to adjust their working methods according to their needs and to achieve a balance between work and life.
	Talent cultivation and career development	The corporate culture plays a very important role in the learning and development of employees. As the Company's development advances, we strengthen the combination of employee training and actual work, in order to improve the work dynamics of employees, thereby maximizing the learning and work performance.	Medium	- Provide comprehensive new employee training, in order to assist new employees to become familiar with the corporate culture of the Company. - The Company has established the comprehensive "Employee Education and Training Procedure", and occupational training system (including supervisor training, professional training and annual training, etc.) has been established according to the management job duties and professional job duties, in order to implement personal competence of training, thereby assisting employees to achieve the career requirements of the organization and personal needs. - The Company has been actively recruiting internal lecturers to strengthen their knowledge management and to help them pass on the skills and experience to employees. - The training and promotion system assist employees to accumulate the skills and practical experience necessary to achieve their personal career goals and to grow with the organization jointly.
	Occupational health and safety	The production process uses a large amount of chemicals and is associate with hazardous risks. The Company needs to identify potential hazards, prevent accidents, and protect the physical and mental health of workers, in order to ensure the sustainable operation of the Company.	High	- Occupational health and safety management system introduced - Process safety management and prevention of fire/chemical disasters - Control of high-risk operations, prevention of work injuries (physical/chemical/ergonomic) and chemical exposure health risks - Strengthening of active safety and health management and seizing opportunities for development and improvement

Note 2. Assess the present and future potential risk and opportunities of climate change, its assessment results, and its adoption of countermeasures related to climate issues (based on TCFD)

Description of implementation in 2024:

Governance a. Supervision by the Board of Directors The Board of Directors is the Company's highest governance body for climate issues. The Board of Directors is responsible for supervising, assessing and approving budgets related to climate change, energy saving and carbon reduction. The Sustainability Task Force reports to the Board of Directors on issues related to greenhouse gas inventory and climate change on a quarterly basis b. Management evaluation and management The Greenhouse Gas Promotion Team consists of environment and safety, materials, plant affairs, human resources and administration, and finance units. The team is mainly responsible for issues of climate change, energy saving and carbon reduction. The President serves as the convener and reports to the Board of Directors on responding strategies for climate change, energy saving and carbon reduction on a regular basis. For reduction targets, net zero path planning, and climate change-related issues, the Sustainability Task Force reports the implementation status and progress to the Chairman and the President on a quarterly basis, and adjusts the direction and target progress according to the management's instructions.	Strategy a. Short-, medium- and long-term climate-related risks and opportunities It is defined that short-term climate-related risks as 1-3 years, medium-term as 3-5 years, and long-term as 5-10 years. After discussion by the Sustainability Task Force, a total of five climate change risks and four climate change opportunities were identified for the short, medium and long term. b. Impacts of climate-related risks and opportunities on operations, strategies and financial planning The Company's Greenhouse Gas Promotion Team analyzes the operational and financial impacts in accordance with the TCFD identification framework. Financial impact refers to the potential impact on the Company's revenue or assets when the scenario occurs (under NT\$20 million is low , between NT\$20 million and NT\$50 million is medium, and the impact level over NT\$50 million is high; within three years is short-term, three to eight years is medium term, and the long term is over eight years) Transition risks impacting financial risks include the risk and impact of costs and expenditures derived from laws and regulations, adverse reputation, or market loss of customer orders; physical risks include changes in rainfall patterns, typhoon intensity or frequency, and other disasters, which will affect the maintenance of production line equipment and assets losses. c. Organizational and strategic resilience under different climate scenarios The transition risks and opportunities are analyzed and evaluated based on different carbon pricing and climate scenarios. For the physical risk opportunities, it refers to the governmental analyses and evaluations based on RCP2.6, RCP4.5, RCP6.0 and RCP8.5 and the 3D disaster potential map of the National Science and Technology Center for Disaster Reduction.
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Risk management a. Climate-related risk identification and assessment process. The Company's Sustainability Task Force, through cross-departmental discussions and with reference to the CDP/ MSCI questionnaires, as well as peers' climate change risk items, jointly identify and conduct assessments of climate-related risks and opportunities. b. Climate-related risk management process. Based on the identification and evaluation process, the results of the identification of risks and opportunities are summarized, and the relevant strategies and action plans are formulated with attention to risks and opportunities. The quarterly task force meeting reports the implementation of the management and continues the tracking. c. How to integrate the identification, assessment and management process of climate-related risks into the overall risk management system of the organization. Opportunities and risks in terms of operations, such as heavy rain/flooding and water/power shortage scenarios caused by climate change, are incorporated into the operation continuity risk assessment and formulation of relevant preparation and recovery plans. In terms of strategic opportunities and risks, the management will continue to monitor the needs and expectations of stakeholders and market changes, and adjust strategy and product planning. Financial opportunities and risks are regularly reported to the management by the Finance Division based on the annual budget and cost-effectiveness assessment.	Indicators and Targets a. Indicators used to assess climate-related risks and opportunities. Covering indicators such as energy consumption, greenhouse gas emissions, water consumption and waste output per unit of product, and the implementation of energy efficiency improvement plans and renewable energy purchases are assessed. b. Disclosure of Scope 1, Scope 2 and Scope 3 (if applicable) greenhouse gas emissions and related risks. According to the ISO 14064:2018 standards, Scope 1, Scope 2 and Scope 3 greenhouse gas inventories are conducted every year, and external verification is conducted by a third-party verification company to examine the Company's greenhouse gas emission status in various areas and as the verification of the reduction effectiveness. The relevant information is disclosed in the Company's annual report, sustainability report and the Company's website. c. Targets adopted for managing climate-related risks and opportunities, and performance in implementing such targets. In addition to reviewing the energy consumption, greenhouse gas emissions, water consumption and waste output per unit of product, the average annual energy saving target of 1% between 2019 and 2025 was set in 2018. Depending on government policies, stakeholder requirements and expectations, prices and volume of supply and demand in renewable energy and carbon market, and internal cost-benefit assessments, the objectives and implementation methods of each phase are adjusted on a rolling basis to respond to the national policy of 2050 net zero carbon emissions.
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The Company monitors the financial impact and management practices of climate-related risks

Category	capital	Period of influence (Short, medium and long)	Description of potential financial impact	Financial impact (Low, medium, and high)	Management countermeasures
Transition risks	Carbon fee	Short-medium	The Company's total greenhouse gas emissions in 2024 was about 16,000 tons (excluding categories 3 - 6). Currently, the Company is not subject to the government's first wave of carbon fee collection and total emissions control. Assuming the carbon fee of NT\$300/ton announced by the Ministry of Environment is used for the internal carbon pricing, the potential cost derived from carbon emissions is approximately NT\$4.8 million.	Low	1. The Company will continue to pay attention to the possible impact and impact of the "Climate Change Response Act" and the government's carbon fee and caps on greenhouse gases, to adjust the Company's response strategies on a rolling basis. 2. Continue to evaluate and replace outdated equipment, evaluate energy-saving and carbon reduction solutions such as cold energy recovery, hydrogen power generation and purchase of renewable energy.
	Renewable energy	Medium	Few customers have proposed the demand or requirement for the use of renewable energy (e.g., RE100). According to the response obtained, presently, the domestic renewable energy market supply is greater than demand. The Company's electricity consumption reaches ten millions KWH, and 100% of use of renewable energy is difficult (the target of RE50 relatively more feasible). If the price difference between industrial electricity and renewable energy (green electricity) of NT\$2 per kWh is used and the electricity consumption in 2024 is considered as the evaluation basis, then the estimated additional electricity cost for achieving the RE50 target is approximately NT\$30 million/year.	Medium	1. Continue to monitor the renewable energy (green power) market supply and electricity price movement, and conduct internal cost-benefit assessment and electricity composition reliability analysis. 2. Continue to pay attention to the expectations and demands of customers for the use of renewable energy and carbon reduction, and adjust the time for the introduction of renewable energy and the purchase amount. 3. Continue to monitor the progress of changes in domestic and foreign policies, and the impact and influence of the carbon fee specified in the "Climate Change Response Act" in Taiwan and the EU carbon tariff on the Company's operation.
	Changes in customer behavior in the market	Medium-long	Some customers and peers have declared the goal of net zero and RE100. If they are unable to meet the needs of customers or stakeholders, their willingness to place orders will be affected, resulting in a drop of revenue by more than 10%. Institutional investors and banks are concerned about energy saving, carbon reduction, corporation operation and sustainability risks, and the results of the evaluation affect willingness to invest and even interest rates of lending.	High	1. Annual sustainability report is regularly released annually and letters and interviews from stakeholders are responded, in order to explain the Company's actions and direction with respect to energy saving and carbon reduction. 2. Regularly track relevant market information, compare the progress of sustainability, energy saving and carbon reduction against domestic and foreign peer factories and customers as a reference for internal response

Category	capital	Period of influence (Short, medium and long)	Description of potential financial impact	Financial impact (Low, medium, and high)	Management countermeasures
					3. Set a net zero blueprint for carbon reduction, and make rolling adjustments by phases based on the annual status
Physical risk	Water shortage and power shortage	Medium	Climate change has aggravated droughts and floods in Taiwan. Droughts have caused water shortages, and rising temperatures have led to increased power consumption throughout Taiwan and insufficient backup capacity, resulting in a risk of power tripping/blackout. The one-day interruption of the Company's operations resulted in a loss of turnover of about NT\$10 million.	Low	In response to water and power shortage scenarios, preparation and response measures are formulated in accordance with the operation continuity management procedure. In the event of a power outage, emergency generators and diesel reserves are available. In the event of a water outage, a water storage tank is installed.
	Heavy rain and flooding	Short	Climate change has aggravated droughts and floods in Taiwan. The heavy rains may cause flooding of the factory area or interruption of surrounding roads and traffic, resulting in risk scenario of interruption of the Company's operations. The one-day interruption of the Company's operations resulted in a loss of turnover of about NT\$10 million.	Low	In 2020, an external consultant was commissioned to conduct a simulation study on the risk of various natural disasters at the factory, showing that the risk of flooding was not high. In addition, the Company's Pingzhen factories are located in Shanzaiding area. According to the 3D disaster potential map of the National Science and Technology Center for Disaster Reduction, it shows that there is no concern of direct flooding under various rainfall scenarios.
Transformation opportunities	Corporate reputation	Medium	Stakeholders are concerned about the Company's potential climate risks and opportunities. Through the disclosure in the sustainability report, requesting suppliers to fulfill corporate social responsibilities, or participating in RE100 and net zero emission initiatives, it is helpful to improve the Company's image and obtain orders, investment opportunities and preferential interest rate.	Low	1. Annual sustainability report is regularly released annually to allow stakeholders to understand the Company's actions and direction with respect to energy saving and carbon reduction. 2. Relevant actions and progress are disclosed on the Company's website for the reference of stakeholders 3. Responding to the governmental 2050 net zero policy, the net zero blueprint for carbon reduction is set for the short, medium and long-term, and make rolling adjustments by phases based on the annual status
	Renewable energy	Medium-long	As the majority (90%) of the Company's carbon emissions comes from the purchased electricity in Scope 2, if the renewable energy is introduced, it can reduce the issues of carbon emissions and carbon fee, and echo the national and international 2050 net zero emission policies.	Medium	1. Continue to track the supply and price changes in the renewable energy (green power) market, stakeholders' needs and expectations, and internal discussions, to adjust the Company's renewable energy introduction method and schedule on a rolling basis.

Category	capital	Period of influence (Short, medium and long)	Description of potential financial impact	Financial impact (Low, medium, and high)	Management countermeasures
					2. In addition to renewable energies, the Company will continue to monitor domestic and international carbon trading mechanisms and market prices as the options for the Company's long-term net zero carbon emissions.
Physical opportunity	Energy efficiency	Medium	In line with the replacement of outdated equipment in factories, high-energy-efficiency equipment is gradually introduced, and the integration of various systems and related energy-saving projects are evaluated.	Low	1. Continue to evaluate equipment replacement and introduce various energy-saving and carbon-reduction projects; new equipment will help to improve operation reliability and avoid the risk of operation interruption 2. Continue to introduce external technical resources to improve the Company's energy management efficiency.
	Disaster resilience	Short	By assessing various possible impacts and formulating corresponding recovery plans, the Company may reduce the risk of business interruption and improve the resilience of the supply chain.	Low	1. Based on the Operational Continuity Management Procedures, various preparations and countermeasures are formulated and the regular audits and inspections on the recovery plans are conducted. 2. Continue to introduce various risk assessment, as well as management technical specifications and resources, to improve the Company's disaster prevention resilience.

(VI) Implementation of ethical corporate management and deviations from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons thereof

Evaluation item	State of operation			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Formulation of ethical management policies and programs				
(I) Has the company established an ethical corporate management policy approved by the board of directors? Does the policy clearly specify in its rules and external documents the ethical corporate management policies, and the commitment of the board of directors and the senior management to pro-actively implement the management policy?	V		(I) The Company's Board of Directors has approved the establishment of the "Ethical Corporate Management Best-Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Guidelines for the Adoption of Codes of Ethical Conduct", which have been actively promoted during the Board of Directors' meetings and the employee education and training. All directors and senior management have signed the "Declaration for Compliance with the Ethical Corporate Management Policy".	No difference
(II) Has the company established a risk assessment mechanism against unethical acts, analyzed and assessed business activities within their business scope regularly that are at a higher risk of being involved in unethical act, and established prevention programs covering at least the preventive measures specified in Paragraph 2, Article 7 "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) The Company has established preventive measures in the "Procedures for Ethical Management and Guidelines for Conduct" and the "Employee Code of Conduct." New employees are informed of these requirements upon training and if there are any violations, employees will be disciplined by the Company. For serious incidents, the Company may terminate the employment contract. Meanwhile, possible non-ethical risks are reviewed at all times to enhance the effectiveness of the Company's ethical management.	
(III) Has the company clearly provided the operating procedures, conduct guidelines, disciplinary measures for violations and a grievance system in its program to prevent unethical acts and are these implemented and whether or not the formally disclosed program has been regularly reviewed and amended?	V		(III) The Company has formulated the "Procedures for Ethical Management and Guidelines for Conduct," which include the prohibition of unethical conduct, reporting system and punishment for violations. Each year, these Procedures are reviewed for revision or whether or not supplementary policies and operating procedures are required.	
II. Implementation of ethical management				
(I) Has the company evaluated the records for ethical management of all counterparties it has business relationships with? Are there any clauses with respect to ethical management in the agreements entered into with business partners?	V		(I) The Company adheres to the principle of fair treatment of customers and suppliers. Prior to entering into a contract, a supplier should follow the "Supplier Code of Conduct" covering labor, health and safety, environmental, integrity and ethical management standards.	No difference
(II) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors and has such unit reported to the Board of Directors its execution in terms of	V		(II) The President's Office is appointed as the dedicated unit to promote corporate ethical management. Financial Division and Human Resource & Administration Division work together to promote the ethical management practices. President	

Evaluation item	State of operation			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
ethical management policy and preventive programs against unethical conducts and the supervision status on a regular basis? (III) Has the company formulated a policy that prevents conflicts of interest and a channel that facilitates the reporting of conflicting interests? (IV) Has the company established an effective accounting system and internal control system in order to implement ethical management and proposed relevant audit plans according to the assessment results of the risks of unethical conducts and reviewed the compliance of the prevention of unethical conducts or entrusted an accountant to carry out the review? (V) Has the company organized internal or external training on a regular basis to maintain ethical management?	V		Huang Chao-Hsing is responsible for supervising and executing the work, and assisting the Board of Directors and management establish and supervise the ethical management policy and prevention program, subject to each unit's functions and operations, in order to ensure the implementation of the Ethical Corporate Management Best-Practice Principles. Meanwhile, it is necessary to report the implementation status to the Board of Directors each year. The latest report was submitted on January 17, 2025. (III) The Company's "Ethical Corporate Management Best-Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct", "Code of Ethical Conduct for Directors and Managers" and "Employee Code of Conduct" set forth that direct or indirect offering, promising, demanding or accepting any improper benefits or engaging in any other unethical conducts in violation of integrity, wrongfulness or breach of fiduciary duty. The Company encourages any whistleblowing report on illegal acts or misconduct. The Board of Directors approved the adoption of the "Handling Measures for Reporting of Illegal, Unethical or Dishonest Conduct." In 2024, the Company didn't receive any report on violation of finance or accounting requirement, violations of the customer data protection or loss, or any material violations (fined more than NT\$1 million). (IV) The Company has established effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, to ensure that the design and enforcement of the systems are showing results. Its compliance is regularly checked by internal auditors and reported to the Board of Directors. (V) The Company designated the Financial Division and Human Resource & Administration Division to jointly promote the education and training of the directors and all colleagues periodically. From October 18 to 21, 2024, October 24, 2024, and from October 30 to November 2, 2024, the key provisions of the "Employee Code of Conduct," "Procedures for Handling Gratuity and Business Reception", "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" were summarized to provide guidance on job duty performance, which were also	

Evaluation item	State of operation			Deviations from the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			translated into Vietnamese to facilitate Vietnamese colleagues to understand of relevant contents. Furthermore, the course presentation files were also sent to all directors, managerial officers and employees for reference. A total of 609 directors and employees completed their trainings, and the total training hours was 609 hours, with the training completion rate of 99.84%.	
III. Whistleblowing system (I) Has the company set up a specific reporting and incentive system and established a channel to facilitate reporting and assigned dedicated personnel to receive reports? (II) Has the company implemented any standard operating procedures and/or subsequent measures after carrying out an investigation or confidentiality measures for handling reported misconducts? (III) Has the company taken appropriate measures to protect the whistleblower from improper treatment as a result of whistleblowing?	V	V	(I) The Board of Directors approved the Company's formulation of the "Handling Measures for Reporting of Illegal, Unethical or Dishonest Conduct" and the "Handling Measures for Staff Grievance (M0135)." For anyone who has been reported, the Company assigns appropriate staff to handle such matter. (II) The handling process and handling methods for the Company's "Handling Measures for Reporting of Illegal, Unethical or Dishonest Conduct" and the "Handling Measures for Staff Grievance (M0135)" regulate standard operating procedures, measures to be taken after an investigation and related confidentiality mechanism of the grievance raised. (III) The Company handles a grievance in a confidential manner and performs verification through independent channels, in order to protect the whistleblower with best effort. The identity of the whistleblower is kept strictly confidential.	No difference
IV. Strengthen information disclosure Has the company disclosed the content of its Ethical Corporate Management Best-Practice Principles and the results of implementation on its official website and MOPS?	V		The Company has formulated the "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," disclosed on the company website and MOPS.	No difference
V. For companies who have established Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies," please describe the current practice and any deviations from the code of conduct: The Company has formulated the "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct" and there are no significant differences.				
VI. Other important information that is helpful in understanding the corporate ethical management operation of the Company? (Such as, the Company has the corporate ethical management best practice principles amended, etc.): None.				

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

1. The Company won the "Carbon Disclosure Pioneer Award" at the 2024 ESG Forum of Moving Towards Net Zero Sustainability Era, presented by Cathay United Bank.
2. The Company was awarded the "2024 Taiwan Top 100 Selected by Foreign Investors" presented by Taiwan Directors Association and Corporate Development Research Center (CDRC) in 2024 for its investment methods of different global institutions and organizations based on the statistical data from 2021 to 2023.
3. The Company has established the "Procedures for Handling Material Inside Information" and the "Procedures for Preventing Insider Trading", and education and training of relevant laws and regulations are organized for the current directors, managerial officers and employees at least once annually. In addition, education and trainings are also arranged within 3 months after new directors and managerial officers have assumed their positions.
4. The Company's Board of Directors has approved the amendment to the "Corporate Governance Best Practice Principles" to explicitly specify that directors shall not trade their shares thirty days before the public announcement of annual financial report and during the suspension period of fifteen days before the public announcement of quarterly financial report.
5. The Company's newly appointed insiders including directors and managerial officers are given the latest version of "Compliance Brochure for Directors and Supervisors" compiled by the competent authorities to facilitate their compliance.
6. Licenses obtained by the Company's financial information transparency-related personnel: 1 internal auditor, 1 person ISO9001-led auditor, and 2 persons passed the professional competency tests for stock affairs specialists organized by the Securities and Futures Commission.
7. Employee code of conduct and ethics: The Company has formulated the "Employee Code of Conduct" as a basis for employee work and conduct.

(VIII) Internal Control System Implementation Status:

1. Statement of Internal Control System: Please refer to the MOPS/Corporate Governance/Internal Control Statement/Statement of Internal Control System <https://mops.twse.com.tw/mops/web/t06sg20>.
2. If an accountant is entrusted to perform a special audit on the internal control system, the audit report shall be disclosed: none.

(IX) Material resolutions of a shareholders' meeting or a board of directors' meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

1. Material resolutions of a shareholders' meeting and their implementation

Date	Material resolutions and their implementation
2024/05/30	1. Ratification of the 2023 Business Report and Financial Statements 2. Ratification of the 2023 earnings distribution proposal Implementation: June 30, 2024 was set as the base date for cash dividends for distribution of NT\$2.20 per share. The distribution date was July 12, 2024.

2. Important resolutions of Board of Directors

Date	Important resolutions
2024/01/26	1. Motion for establishment of the 2024 business plan
2024/02/29	1. Motion for the 2023 Business Report and Financial Statements 2. Motion for the 2023 remuneration to employees and directors 3. Proposal for 2024 salary adjustment 4. Motion for the 2023 earnings distribution 5. Motion for appointing CPAs Lin Se-Kai and Lai Tsung-Hsi of PwC Taiwan to audit the Company's various financial reports and tax income on profit-making businesses for 2024. 6. Proposal for evaluation of the independence and competence of the 2024 CPAs 7. 2023 Statement of Internal Control System 8. Motion for the convening of the 2024 annual general shareholders' meetings
2024/04/25	1. 2024 Q1 Financial Statements 2. Proposal for amendment to parts of the provisions of the "Audit Committee Charter" 3. Amendments to certain provisions of the "Parliamentary Rules for Board of Directors Meetings"
2024/07/25	1. Motion for the 2023 distribution of remuneration of managerial officers and employees 2. 2024 Q2 Financial Statements 3. Motion for preparation of the 2023 Sustainability Report
2024/10/24	1. 2024 Q3 Financial Statements 2. Proposal for establishment of the "Procedures for Preparation of Sustainability Report and Sustainable Information Management" 3. Establishment of the 2025 audit plan 4. Motion for amendments to some provisions of the "Corporate Governance Best-Practice Principle"
2025/01/17	1. Motion for formulating the 2025 business plan
2025/02/27	1. Motion for the 2024 Business Report and Financial Statements 2. Motion for the 2024 remuneration to employees and directors 3. Motion for the 2024 earnings distribution 4. Proposal for 2024 Statement of Internal Control System 5. Proposal for 2025 salary adjustment 6. Motion for change of CPAs 7. Proposal for appointing CPAs Lin Se-Kai and Lin Kuan-Hung of PwC Taiwan to audit the Company's financial statements and tax income on profit-making businesses for 2025. 8. Proposal for evaluation of the independence and competence of the 2025 CPAs 9. Motion for amendments to some provisions of the "Articles of Incorporation" 10. Motion for the convening of the 2025 annual general shareholders' meetings

(X) Any other documented objections or qualified opinions raised by directors against Board of Directors' resolutions during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report: None.

IV. Information on CPA Fees

Unit of amount: NT\$ thousand

Name of accounting firm	Name of CPA	Audit period by CPAs	Audit fee	Non-audit fee	Total	Remark
PwC Taiwan	Lin Se-Kai	2024.01~2024.12	1,340	540	1,880	Non-audit fees: tax certification English translation of financial statements
	Lai Chung-Hsi					

- (I) When the accounting firm is changed and the audit fees paid for the financial year in which the change took place are less than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: None.
- (II) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 10% or more, the amount and percentage of and reason for the reduction in audit fees: None.

V. Information on Change of CPAs:

- (I) Regarding the former CPAs

Date of replacement	Passed by resolution of the Board of Directors on February 27, 2025			
Reason and explanation for change	Internal duty rotation of the accounting firm			
Has the company or the CPA terminated or discontinued the engagement	Contracting parties Situation		CPA Not applicable Not applicable	The Company Not applicable Not applicable
	Voluntarily terminated the engagement		Not applicable	Not applicable
	Discontinued the engagement		Not applicable	Not applicable
An audit report issued during the most recent 2 years containing an opinion other than an unqualified opinion, state the opinion and reason.	No			
Different opinions from the issuer	Yes		Accounting principle or practice	
			Disclosure of financial report	
			Audit scope or steps	
			Others	
	None	V		
	Explanation: not applicable			
Other matters for disclosure (Matters covered in items 1-4 to 1-7, subparagraph 6, Article 10 of these Regulations should be disclosed.)	None			

(II) Regarding the successor CPA

CPA firm	PwC Taiwan
Name of CPA	Lin Se-Kai, CPA Lin Kuan-Hung, CPA
Date of engagement	Passed by resolution of the Board of Directors on February 27, 2025
If prior to the formal engagement of the successor CPA, the company consulted the new CPA regarding the accounting treatment of or application of accounting principles to a specific transaction, or the type of audit opinion that might be rendered on the company's financial report	No
Written views of the former CPA on which the successor disagreed with the former CPA	No

(III) Reply letter from the former CPA regarding matters covered in items 1 and 2-3, subparagraph 6, Article 10 of these Regulations: Not applicable.

VI. The Company's chairman, President and Managers in charge of its finance and accounting operations holding any positions within the independent audit firm or its affiliates in the most recent year, the name, job title and the employment period at the independent audit firm or its affiliates: None. The Term "Affiliated Enterprise of CPA Accounting Firm" Refers to an Enterprise Where CPA at the CPA Accounting Firm Holds At least 50% of the Shares in the Firm or Has Acquired More Than Half of the Seats of Directors or a Company or Institution Listed in the Materials Disclosed or Published by the CPA's CPA Accounting Firm as an Affiliated Enterprise: none.

VII. Transfer or pledge of shares owned by directors, managerial officers, shareholders with a stake of more than 10% during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report:

Unit: Shares

Title	Name	2024		Up to March 30 for the current year	
		Increase (decrease) in shares held	Increase (decrease) in shares pledged	Increase (decrease) in shares held	Increase (decrease) in shares pledged
Chairman	Chen Chien-Liang	25,000	340,000	0	0
Director	Chen Mao-Chang	0	(100,000)	0	0
Director/President	Huang Chao-Hsing	0	0	0	0
Director	Lai-Yu Hsiu-Min	(468,000)	0	(7,000)	0
Director	Ren Tai Investment Co., Ltd.	125,000	0	100,000	0
Director representative	Yeh Sheng-Mao	0	0	0	0
Director	Ren Tai Investment Co., Ltd.	125,000	0	100,000	0
Director representative	Chen Chien-Ting	0	0	0	0
Director	Ren Tai Investment Co., Ltd.	125,000	0	100,000	0
Director representative	Liao Wan-Chuan	0	0	0	0
Director	Shang-Jin Investment Co., Ltd.	208,000	0	0	0
Director representative	Chang Cheng-Liang	0	0	0	0
Independent director	Huang Man-Sheng	0	0	0	0
Independent director	Lin Hao-Hsiung	0	0	0	0
Independent director	Wang Chia-Hsiang	0	0	0	0
Senior Vice President	Chen Hsien-Chung	0	0	0	0
Senior Vice President	Chin Yu-Chung	(5,000)	0	10,000	0
Senior Vice President	Hsieh Chin-Lung	0	0	0	0
Vice President	Chung Chin-Ling	0	0	0	0
Financial Accounting Manager	Chiang Chih-Ching	0	0	0	0

During the transfer of shares in which the counterparty is a related party: none.

During the pledge of shares in which the counterparty is a related party: none.

VIII. Information of shareholders of top ten shareholding percentage for related parties or spouse, relative relationship within second degree of kinship among themselves:

March 30, 2025; Unit: shares

Name	Shares held by the shareholder		Shareholdings by spouse and minor children		Shareholdings under the name of others		Names and relationship of top 10 shareholders who are related parties, spouses or within second-degree of kinship to each other under Statements of Financial Accounting Standards		Remark
	No. of shares	Shareholdings	No. of shares	Shareholdings	No. of shares	Shareholdings	Name	Relationship	
Labor Pension Fund, New system	10,292,200	5.57%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Deutsche Bank AG Taipei Branch entrusted for custody of Invesco EQV Emerging Market Capital Fund Investment Account	3,458,000	1.87%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Ren Tai Investment Co., Ltd.	3,329,000	1.80%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Ren Tai Investment Co., Ltd. Representative: Chu Yi-Wen	10,733	0.01%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
HSBC Bank (Taiwan) entrusted for custody of the ABS Direct Equity Fund LLC Investment Account	2,920,000	1.58%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Business Department of Standard Chartered Bank entrusted for custody of Series of Vanguard Total International Equity Index Fund Investment Account of Vanguard Star Funds	2,624,609	1.42%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Citibank (Taiwan) entrusted for custody of Public Utility Islamic Asia Strategic Distribution Fund Investment Account	2,560,000	1.38%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Citibank (Taiwan) entrusted for custody of UBS Europe SE Investment Account	2,446,971	1.32%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Business Department of Standard Chartered Bank entrusted for custody of Franklin Terra Firma Investment Fund - Terra Firma Asian Smaller Companies Fund Investment Account	2,431,537	1.32%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Nomura Taiwan Superior Equity Fund	2,393,000	1.29%	0	0.00%	0	0.00%	Not applicable	Not applicable	None
Business Department of Standard Chartered Bank entrusted for custody of Vanguard Emerging Markets Stock Index Fund Investment Account Managed by Vanguard Group	2,349,960	1.27%	0	0.00%	0	0.00%	Not applicable	Not applicable	None

IX. Number of shares held by the company, the company's directors, managerial officers and the number of shares invested in a single company which are held by the entities directly or indirectly controlled by the company, and calculating the consolidated shareholding percentage of the above categories:

Unit: Share; %

Reinvestee	The Company's investment		Invested by the Company, its directors, supervisors, managers and any companies controlled either directly or indirectly by the Company		Comprehensive investment	
	No. of shares	Percentage (%)	No. of shares	Percentage (%)	No. of shares	Percentage (%)
TAISIC MATERIALS CORP.	500,000	0.71%	0	0.00%	500,000	0.71%

Chapter III. Capital Overview

I. Capital and Shares

(1) Sources of capital

March 30, 2025 Unit: NT\$1,000; thousand shares

Month/ Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares (shares)	Amount (NTD)	Shares (shares)	Amount (NTD)	Sources of capital	Capital increase by assets other than cash	Other
Nov. 1996	10	36,000	360,000	23,000	230,000	Funding upon incorporation	—	Approved by Letter (85)-Shang No. 120384 dated Nov. 26, 1996.
Jun. 1998	10	36,000	360,000	36,000	360,000	Capital increase in cash by NT\$130,000,000	—	Approved by Letter (87)-Tai-Cai-Cheng-(I) No. 48087 dated Jun. 8, 1998.
Mar. 1999	20	60,000	600,000	50,400	504,000	Capital increase in cash by NT\$144,000,000	—	Approved by Letter (88)-Tai-Cai-Cheng-(I) No. 23291 dated Mar. 4, 1999.
Mar. 2000	40	100,000	1,000,000	70,000	700,000	Capital increase in cash by NT\$196,000,000	—	Approved by Letter (88)-Tai-Cai-Cheng-(I) No. 21449 dated Mar. 1, 2000.
Apr. 2001	10	100,000	1,000,000	77,900	779,000	Capitalization of earnings and employee bonuses in the amount of NT\$46,800,000 and capitalization of capital surplus in the amount of NT\$32,200,000.	—	Approved by Letter (90)-Tai-Cai-Cheng-(I) No. 117356 dated Apr. 4, 2001.
Sept. 2004	10	130,000	1,300,000	81,300	813,000	Capital increase through private placement by NT\$34,000,000	—	Approved by Letter Shou-Shang No. 09301184700 dated Sept. 29, 2004.
Mar. 2005	8	130,000	1,300,000	89,550	895,500	Capital increase through private placement by NT\$82,500,000	—	Approved by Letter Shou-Shang No. 09401035630 dated Mar. 10, 2005.
Jul. 2005	5	160,000	1,600,000	97,900	979,000	Capital increase through private placement by NT\$83,500,000	—	Approved by Letter Shou-Shang No. 09401119360 dated Jul. 5, 2005.
Aug. 2006	15.8 - 18.8	160,000	1,600,000	100,095	1,000,950	Conversion of stock options in the amount of NT\$21,950,000		Approved by Letter Shou-Shang No. 09501187760 dated Aug. 24, 2006.
Nov. 2006	15.8 - 18.8	160,000	1,600,000	100,624	1,006,240	Conversion of stock options in the amount of NT\$5,290,000		Approved by Letter Shou-Shang No. 09501269090 dated Nov. 30, 2006.
Mar. 2007	15.8 - 47.79	160,000	1,600,000	100,978	1,009,782	Conversion of corporate bonds into shares in the amount of NT\$272,000 and conversion of stock options in the amount of NT\$3,270,000.	—	Approved by Letter Shou-Shang No. 09601041660 dated Mar. 7, 2007.

Month/ Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares (shares)	Amount (NTD)	Shares (shares)	Amount (NTD)	Sources of capital	Capital increase by assets other than cash	Other
Jul. 2007	8.8 - 47.79	160,000	1,600,000	102,189	1,021,890	Conversion of corporate bonds into shares in the amount of NT\$628,000 and conversion of stock options in the amount of NT\$11,480,000.	—	Approved by Letter Shou-Shang No. 09601169190 dated Jul. 18, 2007.
Aug. 2007	8.8 - 47.79	160,000	1,600,000	102,711	1,027,110	Conversion of corporate bonds into shares in the amount of NT\$1,360,000 and conversion of stock options in the amount of NT\$3,860,000.	—	Approved by Letter Shou-Shang No. 09601197290 dated Aug. 28, 2007.
Oct. 2007	60.4	160,000	1,600,000	110,711	1,107,110	Capital increase in cash by NT\$80,000,000	—	Approved by Letter Jin-Guan-Cheng-I No. 0960045977 dated Sept. 4, 2007.
Nov. 2007	8.8 - 47.79	160,000	1,600,000	113,339	1,133,390	Conversion of corporate bonds into shares in the amount of NT\$23,770,000 and conversion of stock options in the amount of NT\$2,510,000.	—	Approved by Letter Shou-Shang No. 09601284190 dated Nov. 20, 2007.
Feb. 2008	15.8 - 47.79	160,000	1,600,000	114,126	1,141,257	Conversion of corporate bonds into shares in the amount of NT\$3,327,000 and conversion of stock options in the amount of NT\$4,540,000.	—	Approved by Letter Shou-Shang No. 09701047380 dated Feb. 27, 2008.
May 2008	8.8 - 38.23	160,000	1,600,000	114,754	1,147,544	Conversion of corporate bonds into shares in the amount of NT\$2,066,000 and conversion of stock options in the amount of NT\$4,220,000.	—	Approved by Letter Shou-Shang No. 09701117840 dated May 27, 2008.
Jul. 2008	8.8 - 38.23	160,000	1,600,000	115,228	1,152,276	Conversion of corporate bonds into shares in the amount of NT\$2,773,000 and conversion of stock options in the amount of NT\$1,960,000.	—	Approved by Letter Shou-Shang No. 09701190840 dated Jul. 31, 2008.
Sept. 2008	10	160,000	1,600,000	126,640	1,266,402	Capitalization of capital surplus in the amount of NT\$114,126,000.	—	Approved by Letter Shou-Shang No. 09701239430 dated Sept. 23, 2008.

Month/ Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares (shares)	Amount (NTD)	Shares (shares)	Amount (NTD)	Sources of capital	Capital increase by assets other than cash	Other
Nov. 2008	7.9 - 15.8	160,000	1,600,000	127,163	1,271,633	Conversion of corporate bonds into shares in the amount of NT\$3,871,000 and conversion of stock options in the amount of NT\$1,360,000.	—	Approved by Letter Shou-Shang No. 09701286020 dated Nov. 7, 2008.
May 2009	7.9	160,000	1,600,000	127,193	1,271,933	Conversion of stock options in the amount of NT\$300,000	—	Approved by Letter Shou-Shang No. 09801104360 dated May 27, 2009.
Nov. 2009	7.9 - 37.3	160,000	1,600,000	127,676	1,276,763	Conversion of stock options in the amount of NT\$4,830,000	—	Approved by Letter Shou-Shang No. 09801269440 dated Nov. 20, 2009.
Dec. 2009	58	160,000	1,600,000	137,676	1,376,763	Capital increase in cash by NT\$100,000,000	—	Approved by Letter Shou-Shang No. 09801296340 dated Dec. 28, 2009.
Feb. 2010	37.3 - 42.2	160,000	1,600,000	137,769	1,377,693	Conversion of stock options in the amount of NT\$930,000	—	Approved by Letter Shou-Shang No. 09901033230 dated Feb. 12, 2010.
May 2010	37.3 - 42.2	160,000	1,600,000	139,300	1,393,003	Conversion of stock options in the amount of NT\$15,310,000	—	Approved by Letter Shou-Shang No. 09901098690 dated May 14, 2010.
Aug. 2010	37.3 - 42.2	160,000	1,600,000	139,904	1,399,043	Conversion of stock options in the amount of NT\$6,040,000	—	Approved by Letter Shou-Shang No. 09901187730 dated Aug. 17, 2010.
Sept. 2010	10 - 42.2	260,000	2,600,000	175,094	1,750,937	Capitalization of earnings in the amount of NT\$209,612,000, capitalization of capital surplus in the amount of NT\$139,741,000 and conversion of stock options into shares in the amount of NT\$2,540,000.	—	Approved by Letter Shou-Shang No. 09901203130 dated Sept. 7, 2010.
Nov. 2010	29.5 - 33.7	260,000	2,600,000	175,396	1,753,957	Conversion of stock options in the amount of NT\$3,020,000	—	Approved by Letter Shou-Shang No. 09901259200 dated Nov. 26, 2010.
Mar. 2011	29.5 - 33.7	260,000	2,600,000	175,588	1,755,877	Conversion of stock options in the amount of NT\$1,920,000	—	Approved by Letter Shou-Shang No. 10001036510 dated Mar. 7, 2011.
May 2011	29.5 - 33.7	260,000	2,600,000	177,190	1,771,897	Conversion of stock options in the amount of NT\$16,020,000	—	Approved by Letter Shou-Shang No. 10001105480 dated May 24, 2011.
Jul. 2011	29.5 - 33.7	260,000	2,600,000	178,076	1,780,757	Conversion of stock options in the amount of NT\$8,860,000	—	Approved by Letter Shou-Shang No. 10001160040 dated Jul. 19, 2011.

Month/ Year	Issue price	Authorized capital		Paid-in capital		Remarks		
		Shares (shares)	Amount (NTD)	Shares (shares)	Amount (NTD)	Sources of capital	Capital increase by assets other than cash	Other
Aug. 2011	10	260,000	2,600,000	222,595	2,225,946	Capitalization of earnings in the amount of NT\$267,113,000 and capitalization of capital surplus in the amount of NT\$178,076,000.	—	Approved by Letter Shou-Shang No. 10001180530 dated Aug. 8, 2011.
Nov. 2011	26.9	260,000	2,600,000	222,604	2,226,036	Conversion of stock options in the amount of NT\$90,000	—	Approved by Letter Shou-Shang No. 10001271100 dated Nov. 28, 2011.
May 2012	24.5 - 26.9	260,000	2,600,000	222,925	2,229,246	Conversion of stock options in the amount of NT\$3,210,000	—	Approved by Letter Shou-Shang No. 10101087470 dated May 17, 2012.
Jul. 2012	24.5 - 26.9	300,000	3,000,000	223,427	2,234,266	Conversion of stock options in the amount of NT\$5,020,000	—	Approved by Letter Shou-Shang No. 10101138410 dated Jul. 13, 2012.
Aug. 2012	10	300,000	3,000,000	245,769	2,457,692	Capitalization of capital surplus in the amount of NT\$223,427,000.	—	Approved by Letter Shou-Shang No. 10101161930 dated Aug. 9, 2012.
Nov. 2012	20.5 - 23.4	300,000	3,000,000	245,874	2,458,742	Conversion of stock options in the amount of NT\$1,050,000	—	Approved by Letter Shou-Shang No. 10101230800 dated Nov. 7, 2012.
Feb. 2013	20.5 - 23.4	300,000	3,000,000	246,541	2,465,412	Conversion of stock options in the amount of NT\$6,670,000	—	Approved by Letter Shou-Shang No. 10201028180 dated Feb. 8, 2013.
Aug. 2016	10	300,000	3,000,000	184,906	1,849,059	Refund of payment of shares in the amount of NT\$616,353,000 due to capital reduction in cash.	—	Approved by Letter Shou-Shang No. 10501198760 Aug. 24, 2016.

March 30, 2025; Unit: Shares

Share type	Authorized capital			Remarks
	Issued shares	Unissued shares	Total	
Ordinary shares	184,905,918	115,094,082	300,000,000	Shares of publicly listed company

Relevant information on shelf registration: None.

(2) List of major shareholders:

March 30, 2025

Shareholder's name	Shareholding (shares)	Percentage (%)
Labor Pension Fund, New system	10,292,200	5.57%
Deutsche Bank AG Taipei Branch entrusted for custody of Invesco EQV Emerging Market Capital Fund Investment Account	3,458,000	1.87%
Ren Tai Investment Co., Ltd.	3,329,000	1.80%
HSBC Bank (Taiwan) entrusted for custody of the ABS Direct Equity Fund LLC Investment Account	2,920,000	1.58%
Business Department of Standard Chartered Bank entrusted for custody of Series of Vanguard Total International Equity Index Fund Investment Account of Vanguard Star Funds	2,624,609	1.42%
Citibank (Taiwan) entrusted for custody of Public Utility Islamic Asia Strategic Distribution Fund Investment Account	2,560,000	1.38%
Citibank (Taiwan) entrusted for custody of UBS Europe SE Investment Account	2,446,971	1.32%
Business Department of Standard Chartered Bank entrusted for custody of Franklin Terra Firma Investment Fund - Terra Firma Asian Smaller Companies Fund Investment Account	2,431,537	1.32%
Nomura Taiwan Superior Equity Fund	2,393,000	1.29%
Business Department of Standard Chartered Bank entrusted for custody of Vanguard Emerging Markets Stock Index Fund Investment Account Managed by Vanguard Group	2,349,960	1.27%

(3) Company's dividends policy and implementation thereof:

1. Dividend policy

If there is a net income after tax in the current period based on the annual financial statements, the Company shall compensate the cumulative deficit first and then set aside 10% of the balance as a legal reserve in accordance with the law unless the legal reserve has reached the amount of the Company's total paid-in capital. After the Company has appropriated or reversed a special reserve in accordance with the law or the regulations of the competent authority, the Board of Directors shall draw up a distribution proposal based on the balance along with the cumulative undistributed earnings from the previous years and submit it to the shareholders' meeting for resolution.

The Company's current development is in the growth stage in the industry and will have plans to expand production and require funds in the next few years. To stabilize our position in the market, the Company, based on the long-term capital needs and continuous expansion of capital scale, will adjust and distribute dividends according to the profitability, to maintain the steady growth of earnings per share. Cash dividends shall not be less than 10% of the dividends distributed to shareholders in the year. Regarding the actual percentage, the Board of Directors is authorized to draw up a distribution proposal based on the Company's capital condition and capital budget and submit it to the shareholders' meeting for approval.

2. The proposed dividend distribution at this shareholders' meeting: The earnings distribution proposal for 2024 was drawn up by the Board of Directors on February 27, 2025, as shown in the table below. This proposal will proceed per the relevant regulations after the resolution is adopted by the annual general meeting of shareholders on May 28, 2025.

Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	\$ 56,379,740
Less: Adjustment of retained earnings for 2024	86,221
Undistributed earnings after adjustment	\$ 56,293,519
Plus: Profit and loss for 2024	671,054,811
Less: Provision for legal reserve	67,096,859
Less: Provision for special reserves	4,175,000
Distributable earnings	\$ 656,076,471
Distribution	
Shareholder dividends-cash (NT\$3.20 per share)	\$ 591,698,938
Undistributed earnings at the end of the period	\$ 64,377,533

3. To consider the Company's share capital structure, the Company pays out cash dividends in principle and the amount shall not be lower than 50% of the earnings after tax in the year. For the actual percentage for distribution, the Board of Directors shall be authorized to draw up a distribution proposal based on the Company's capital and capital budget and submit it to the shareholders' meeting for approval.
- (4) The impact of the stock dividends proposed at the shareholders' meeting on the Company's operating performance and earnings per share: Not applicable.
- (5) Employee compensation and directors' remuneration:
- The percentage or scope of employee compensation and directors' remuneration as specified in the Company's Articles of Incorporated:
If the Company makes a profit for the year, it shall allocate 5% to 15% of the profit as employee compensation and no more than 3% as directors' remuneration. However, when the Company still has cumulative deficit, it shall reserve an amount to compensate it first and then appropriate amounts as employee compensation and directors' remuneration in accordance with the aforementioned percentages.
Employee compensation is decided by the Board of Directors to be paid in stock or cash via resolution and the recipients may include employees of subsidiaries who meet certain criteria.
Employee compensation and directors' remuneration distribution proposal shall be submitted to the shareholders' meeting for reporting.
 - The basis for estimating employee compensation and directors' remuneration in the current period, the basis for calculating the number of shares for employee compensation distributed by stock and the accounting treatment when the amount of the actual distribution is different from the estimated amount:
 - The Company estimated the amounts of employee compensation and directors' remuneration in accordance with the dividend policy as specified in the Company's Articles of Incorporation.
 - In 2024, the basis for estimating employee compensation and directors' remuneration is the pre-tax income multiplied by 10% for employee compensation and by 3% for directors' remuneration. In 2024, no employee

compensation was distributed in stock.

- C. If the amount of the actual distribution approved by the shareholders' meeting is different from the estimated amount, it will be regarded as a change in accounting estimate and accounted for as profit or loss for 2025.

3. Distribution approved by the Board of Directors:

- A. The amounts of employee compensation and directors' remuneration distributed in cash or stock: the proposed employee compensation to be distributed is NT\$93,985,476 in cash and NT\$0 in stock and directors' remuneration to be distributed is NT\$28,195,643 in cash.
- B. The amount of any employee compensation distributed in stock, and the size of that amount as a percentage of the sum of the net income after tax stated in the parent company only or individual financial reports for the current period and total employee compensation: none.

4. The actual distribution of employee compensation and directors' and supervisors' remuneration for the previous fiscal year (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and if there is any discrepancy between the actual distribution and the employee compensation and directors' and supervisors' remuneration recognized, the discrepancy, cause and how it is treated shall be disclosed: The Company distributed employee compensation in cash in the amount of NT\$48,694,123 and directors' remuneration \$18,260,296 for 2023; the amounts are not different from those recognized.

(6) Share Repurchases:

1. Repurchase of shares has been completed: None.
2. Repurchase of shares still under execution:

Session of repurchase	8th
Purpose of repurchase	Transfer of shares to employees
Type of shares repurchased	Ordinary shares
Maximum total amount of repurchased shares	NT\$892,758,922
Expected repurchase period	April 10, 2025 to June 9, 2025
Expected quantity of repurchase	2,000,000 shares
Price range of repurchase	NTD 60 to NTD 150 When the Company's stock price is lower than the price range, the Company will continue to buy back its shares.
Type and quantity of shares repurchased	Up to the printing date of the annual report, the repurchase of shares has not yet been executed
Amount of shares repurchased	Up to the printing date of the annual report, the repurchase of shares has not yet been executed
Ratio of repurchased quantity over the predefined repurchase quantity (%)	Up to the printing date of the annual report, the repurchase of shares has not yet been executed

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Global Depository Shares: None.

V. Employee Stock Options: None.

New Restricted Employee Shares: None.

VI. Issuance of New Shares in Connection with Mergers or Acquisitions or with Acquisitions of Shares of Other Companies: None.

VII. Implementation of the Company's Capital Allocation Plans: None.

Chapter IV. Operation Overview

I. Business Content

(I) Business Scope

1. Main business activities

- (1) CC01080 Electronics Components Manufacturing
- (2) F119010 Wholesale of Electronic Materials
- (3) ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval is not allowed.

2. Percentage out of the Company's business lines

Unit: NTD thousand; %

Product lines	2023		2024	
	Operating revenue	Business ratio (%)	Operating revenue	Business ratio (%)
Revenue from homemade products	2,692,464	99.94%	3,241,152	100.00%
Others	1,640	0.06%	65	0.00%
Total	2,694,104	100.00%	3,241,217	100.00%

3. The Company's current products and services

- A. HBT epi wafer
- B. PHEMT epi wafer
- C. InP HBT epi wafer
- D. BiHEMT epi wafer
- E. PD/APD epi wafer (wave length 650nm~1700nm/1900nm~2600nm)
- F. 2.5G FP/DFB LD epi wafer, 10G FP/DFB LD epi wafer
- G. EEL and VCSEL epi wafer
- H. High power FP/DFB LD
- H. Multi-junction solar cell epi wafer

4. New products and services planned to be developed

- (1) Microelectronics products: Low Knee Voltage HBT/GaAs HBT/InP HBT/GaAs PHEMT/GaN on SiC/GaN on Si/GaN on Sapphire PA, Switch, and LNA for 5G mobile phones, Wifi, and infrastructure (base stations and Small Cells).
- (2) Photoelectronic products:
 - A. PD: 25G APD, 50G PD, 100G PD, 1.9-2.6μm long wavelength PD.
 - B. LD: Application of GaAs and InP FP/DFB LD for High Power, High Speed and LiDAR.
 - C. VCSEL: iTOF/dTOF, Multi-Junction VCSEL, long wavelength VCSEL,

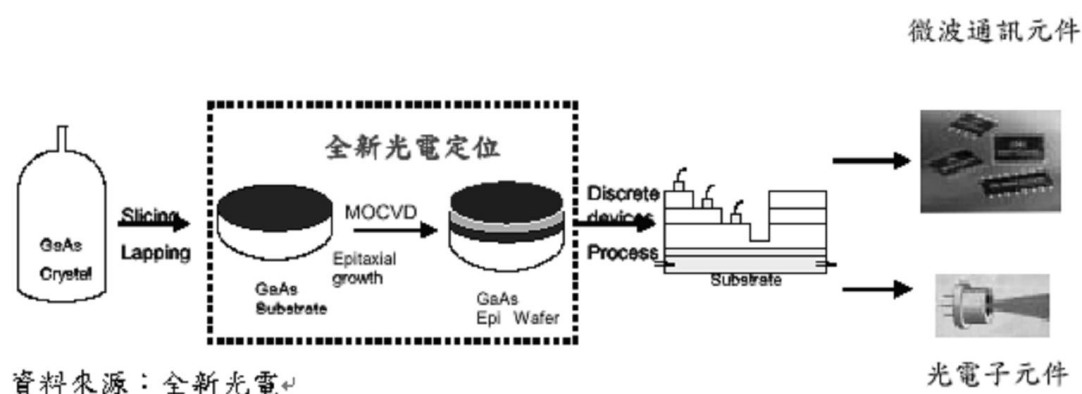
backlight VCSEL, high-speed VCSEL, LiDAR application VCSEL, industrial application VCSEL.

5. Expected investment in R&D expense: The expected R&D expense for 2025 is approximately NT\$400,000 thousand.

(II) Overview of the Industry

1. Current condition and development of the industry

(1) Overview of products and industrial structure

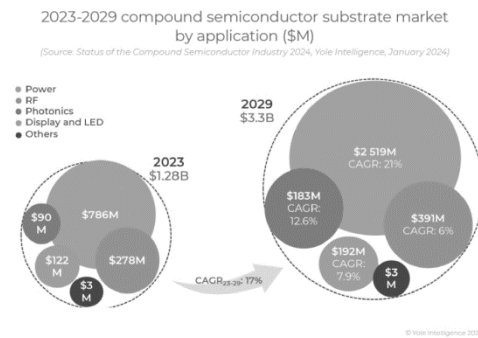


① Overview of products

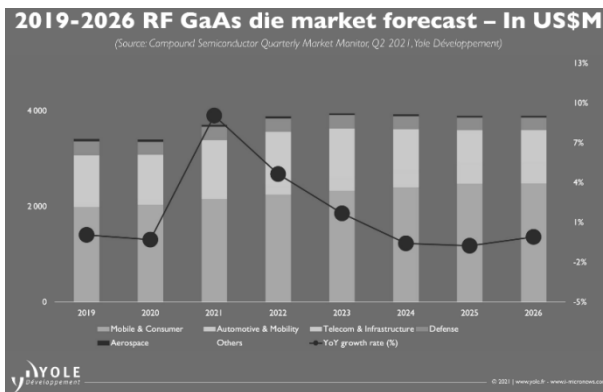
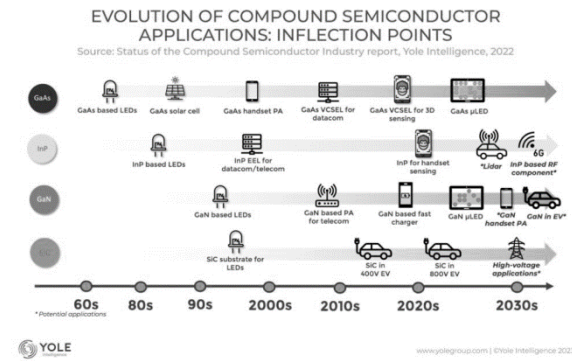
The Company, VPEC, is the metal organic chemical vapor deposition (MOCVD) technology-based company specializing in the production of III-V compound semiconductor wafers. What we called semiconductor is a material with electrical conductivity due to electron flow (as opposed to ionic conductivity) intermediate in magnitude between that of a conductor and an insulator. It is characterized by adding different impurities can be appropriate to change the material properties (what we called doping) and get major changes by applications of heat and light.

Because the III-V compound semiconductor possesses the advantages of high frequency, low noise, natural radiation resistance, good energy efficiency, energy level and electronic movement with adjustable speed, it has been developed as the key component of wireless communications, optical communication, optical sensors, solar cells and light in the recent years. The Company's main products are categorized into Microelectronics and Photonics.

The forecast provided by Yole about the growth of the market scale and the increase in application fields of III-V compound semiconductor is stated in the Fig. 2 below.



Source: Yole



Source: Yole

Microelectronics:

The Company's microelectronics are primarily applied to the wireless communication RF field to provide GaAs and GaN wafers. Among other things, GaAs is primarily applied to mobile phones, communications and infrastructure, while GaN is primarily applied to

a. HBT (Heterojunction Bipolar Transistors)

Because of the physical characteristics of HBT such as high linearity, good broadband response, high breakdown voltage, high gain, high efficiency, low parasitic effects, design without negative bias and low phase noise, etc., the HBT functions deliver good power magnification, low standby current consumption, small size and other advantages. Therefore, HBT has become the mainstream technology of mobile phones and wireless local area network (WLAN) power amplifier (Power Amplifiers, PA) markets. Above all, 5G PA must satisfy the envelop-tracking mode (ET) Saturated Efficiency and average-power tracking mode (APT) Linearity Efficiency at the same time. The Gain and Power Output may be improved through the HBT structure. Given this, HBT becomes indispensable and irreplaceable in the 5G era.

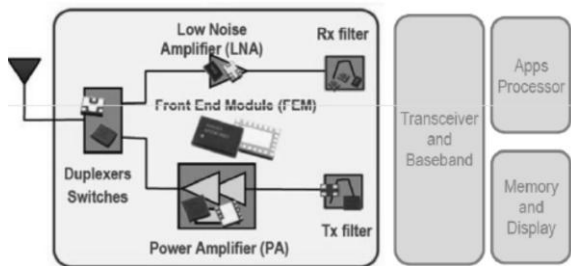
b. PHEMT (Pseudo-morphic Heterostructure Field Effect Transistors)

Because InGaAs joins PHEMT, it is specially suitable for the application of RF Switch on the computer. Therefore, its application to WLAN between computers, fixed long-distance wireless transmission to WLL and even fiber optic communications, satellite communications, point to point microwave communications, satellite broadcasting, cable TV, digital TV applications, automobile radar and vehicle collision avoidance systems and other applications have been considerable room for growth. Notwithstanding, the application of PHEMT in the RF switch has been affected by the SOI technology increasingly; therefore, it is no longer the only choice for the switch. Mobile phones require higher standards on low noise, in consideration of the LNA (Low Noise Amplifier).

Given the higher mobility, PHEMT is more likely to help satisfy the low noise requirements. GaAs PHEMT can better satisfy the Linearity requirements. Meanwhile, in consideration of its small size, it has become an alternate for LNA, in addition to Silicon. If PHEMT is adopted as the material applied to the base station PA and WiFi Switch and LNA, the Company will also work with different customers to plan product development and mass production.

c. BiHEMT (Integration Bipolar HBT and pHEMT)

By virtue of the circuit design and the epitaxial growth and process, the InGaP HBT linear power amplifier, AlGaAs PHEMT high-frequency switching, AlGaAs PHEMT logic control circuit, AlGaAs PHEMT low-noise amplifier, passive components and their connections are integrated into a single GaAs integrated circuit chip. As chip integration can be improved and thereby reduce the die size, cut packaging costs and reduce the costs of materials significantly. Also, because the internal components are all GaAs-based ones, they can help save some bias and control circuit and save more power. BiHEMT structure may also provide design flexibility for the circuit designers. Each unit of its internal components can choose different structures to deliver better properties.



Source: Yole

Fig. 1

2022-2028 customer premise equipment component market forecast
(Source: RF for Fixed Wireless Access 2023 – Focus RF Front End, Yole Intelligence, January 2023)

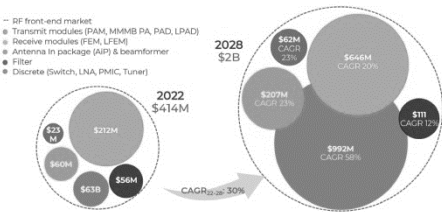
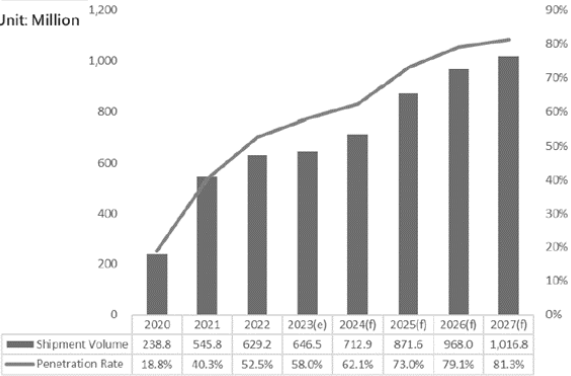


Fig. 2

Fig. 3



ranges, it may be equipped with wireless communication modules, rather than SoC integrated with

Said three products refer to the main materials for the PA, Switch and LNARF of the Front-End Module (RF FEM) (see Fig. 1). According to Yole’s forecast, in the future, the growth of microelectronics will be driven primarily by the increasing penetration rate of 5G mobile phones and WiFi6/7, as shown in Fig. 2. Further, the RF1 (Frequency range 1, Sub-7GHz) of 5G corresponds to n41, n77, n78 and n79 (Ultra High Band, UHB). These new frequency ranges require additional PAs, thus increasing the areas occupied by the GaAs epi wafer more than those for traditional 4G mobile phones by about 20%~30%. Further, 5G and WiFi6/6e result in the high integration of components and frequency ranges in the RF Front-End Module, thereby increasing the complexity of the structure.

According to the forecast of ResearchAndMarkets.com, the penetration rate of 5G mobile phones will exceed 70% in 2025, as shown in Fig. 3.

IoT will be the application for the largest number of wireless communication modules, including the Internet of Vehicles, smart home, smart medical care, smart city, etc. Whenever the communication method it has adopted requires specific power, distance and higher frequency

the RF function, achieving seamless connectivity to smart family and smart city.

d. GaN

In consideration of the characteristics, such as high frequency and high power, GaN makes GaN PA products outperform the traditional LDMOS or GaAs PA in the characteristics including power density, bandwidth, gains, reliability, small size and high temperature resistance. Therefore, GaN would deliver more advantages when it is applied to the fields of 5G base station antenna array and Small Cell PA. The Company has used its best effort to invest in the R&D of relevant samples. For the time being, GaN PA is mostly based on GaN on SiC structure and, therefore, is primarily applied to 5G base stations. Notwithstanding, given the higher unit price and limited supplies of SiC substrates, many manufacturers are also engaging in development of the technologies for different substrates, such as GaN on Si and GaN on Sapphire. Therefore, it is easier to acquire substrates at lower price. The target market is related to the application of Small Cell. The Company is also striving to invest in the R&D of relevant samples, develop different GaN PA epitaxial structures to be applied to the GaN epitaxial technology platforms varying based on frequency and power.

Due to the fact that the frequency ranges adopted by the 5G communication technology are becoming higher and higher, the short wavelength causes the distance of signal transmission to become shorter and be disrupted by obstacles more easily. To correct the shortcoming, the Company aims to achieve the integrity of signal transmissions by constructing the Small Cell. GaN PA may support the high transmission capacity and broadband required by 5G mmWave and, therefore, can be applied to 5G base stations and Small Cell.

Photonics:

Photonics applies the characteristics of the exchangeability of semiconductor light energy and electrical energy. For the time being, optical fiber is known as the one with the most rapid speed among the known transmission media, as it has strengths, such as mass communication capacity, long transmission distance, anti-electromagnetic interference, low transmission loss, low signal crosstalk, light weight and better confidentiality. It is the best choice to achieve light-speed transmission. Based on the principles for optical communications, the audiovisual work or data signals go through modulation before they are transmitted and then the electrical signals are converted into optical signals through the Transmitter and transmitted in the optical fiber network, and the optical signals are restored back to the electrical signals through the Receiver, eventually re-presenting the original audiovisual work or data through modulation again and completing the optical communications process. Optical communications are primarily applied to telecommunication base stations, optical fiber networks and data centers.

The Company has engaged in the business of optoelectronics for many years. Many new products of the Company are under mass production after having passed customers' certification. Due to the growing industry and customers' demand, the increase in the percentage of operating revenue from optoelectronics results in the structural adjustment for optimization of product portfolio, thus benefiting mitigation of the business risk, avoidance of excess reliance on the mobile phone market and improvement of earnings.

The Company's photonics primarily comprise of the following items. Meanwhile, the related industrial scale and growth are also stated as following:

a. Photo Detector(PD)

The Company's PD and APD photodetectors require wavelength ranges that vary depending on the application fields. Optical fiber communications, consumer sensors and LiDAR (Light detection and ranging) apply 650nm~1700nm, while 1900nm~2600nm is applied to the SWIR (short-wave infrared) niche sensors. Based on the basic principles of PD: (1) the light incident to the semiconductor generates electron holes; (2) the electron holes keep increasing gains and transmissions to generate the current; (3) the inter-operability of the current and internal electronic circuits generates the output signals. Generally, it requires the operating wavelength with high sensitivity, high response speed, high reliability and low noise. APD applies the avalanche multiplication effect based on PIN to amplify the photocurrent received by it and thereby improve the detection sensitivity.

b. Laser Diode(LD)

It is primarily applied to the 1270nm, 1310nm & 1550nm Laser Diode at the Transmitter. It adopts the far field angle design to improve power, reduce the lens and packaging costs at the customer end and improve the yield rate.

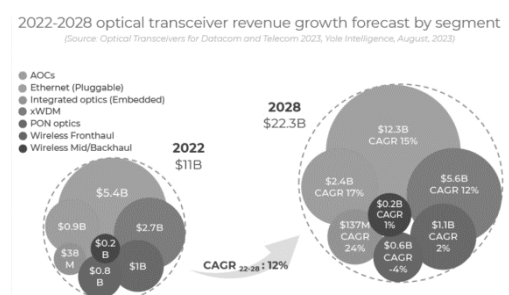
The FP-type laser adopts the double heterostructure. The active layer thereof forms a waveguide layer automatically. When the electron holes are combined and emit light, resonance will be generated in the mirrors at both sides, thus amplifying the feedback amplification and generating the laser light. Notwithstanding, since the length of the laser resonant cavity is more than the wavelength of light, multiple modes are permitted to exist at the same time finally. Notwithstanding, when the laser is output under multi-modes, the long-distance transmission will cause the signals to be deformed and distorted due to the dispersion effect. Therefore, the application of FP-type laser is limited, as it is applicable to the medium-distance high-speed transmission only. For example, FP-type laser is only applicable to EPON, while the DFB-type laser is only applicable to GPON.

The DFB-type laser is designed in the grating raster area above the gain area of the FP-type laser in order to select a specific wavelength to generate feedback and form a stable single-mode output, thus effectively mitigating the chances of signal deformation caused by the dispersion effect in the process of the high-speed transmission of light, maintaining specific signal-to-noise ratio and providing better optical coupling and lower threshold current density by means of the better grating design.

PD and LD are primarily made of InP materials, applied to Telcom, Datacom, consumer sensors and LiDAR, etc. According to the forecast by Yole, the output value for various applications from 2022 to 2028 is stated in the right figure.

c. VSEL

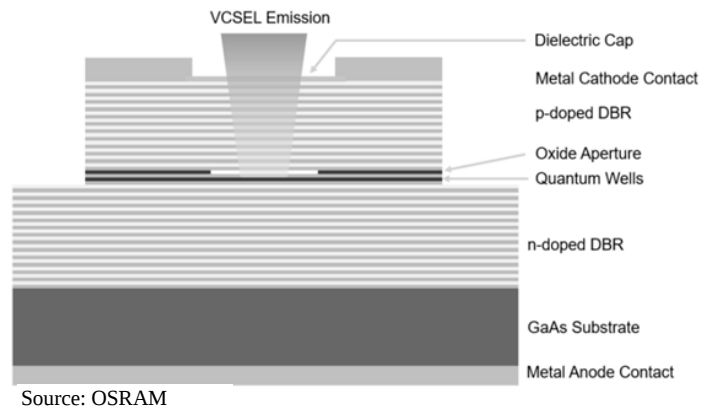
VCSEL (Vertical Cavity Surface Emitting Lasers): Due to the improvement of mirror design and crystal growth, gain structure



Source: Yole

and electric field and trapped light manufacturing technology, the application of VCSEL is expected to be more promising and valuable commercially.

VCSEL is one of the light sources for optical communications and also type of laser. Different from the traditional laser, that emits light from the side face, VCSEL laser resonant cavity is situated between epitaxial layers. The beam is emitted from the vertical side on the epitaxial layer, primarily consisting of the resonant cavity

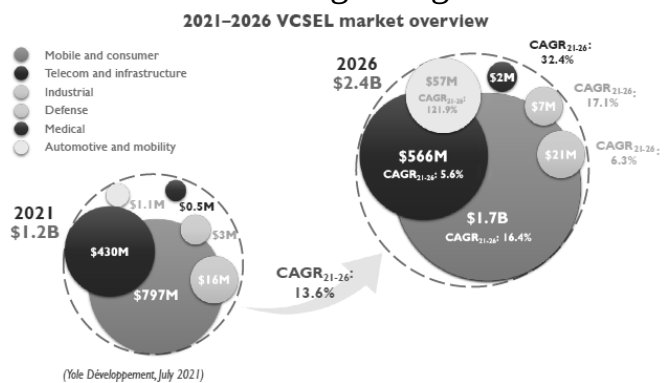


formed by the quantum wells and two sets of high-reflection multilayer films at the upper and lower sides. The two sets of high-reflection multilayer films refer to the DBR (distributed Bragg reflector). The DBR consists of two materials with different refractive indices that are repeatedly stacked, with the thickness precisely controlled as a quarter of the central wavelength, enabling the light waves to produce constructive interference in the center so as to achieve the maximum reflection coefficient and then emit the single-mode laser light. The structural drawing is shown as above.

VCSEL wafer used to adopt the single-layer structure and a single-hole luminous efficacy was generally 5~10mW. In the recent years, the multi-junction technology has been developed in order to amplify the luminous efficacy and the single-hole luminous efficacy became over 30mW therefor. The epitaxial structure design enables light waves to be reflected and gathered in the multi-layer structure. As a result, under the same input current, it may amplify the luminous efficacy, cut power consumption, reduce the areas occupied by wafer, simplify the optical design and system structure and also facilitate the high-power applications of VCSEL, e.g., LiDAR and industrial machine vision, etc.

Compared to the traditional laser, VCSEL delivers the following strengths:

- Narrow linewidth, easy coupling of conical laser beam with optical fiber
- Fast modulation at a low current level and applicable to the high-speed transmission.
- Single-mode output
- Low driving current
- High output power
- The feature of light emission from the front may be designed as 1D or 2D Arrays.
- The wafer may be tested before packaging to cut the costs significantly.



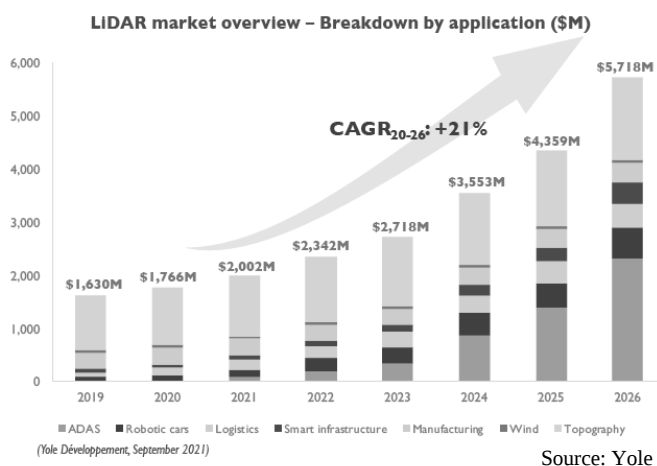
Source: Yole

The applications may be categorized into two major types. The output value of each type is stated in the right figure above:

- High Power applications (e.g., consumer electronics 3D Sensing, in-vehicle, safety monitoring and medical beauty care, etc.).
- High Speed applications (25G for Data Center and short-distance optical transceiver module products).

Given the stricter requirements for car safety and automation, the in-vehicle sensors tend to be applied based on diversified and complementary programs. Therefore, cameras, ultrasonic radar, millimeter-wave radar and LiDAR will have the chance to coexist with each other in the advanced driver assistance systems (ADAS) at the same time. Among the other things, LiDAR adopts the Laser and Photo Detector as the sources of light emission and detector components and makes it become the most rapid and precise sensor solution for detection of long-distance objects. However, in consideration of the high cost and stricter memories and computing power specifications, LiDAR is mostly installed in ADAS Level 3 and above and also high unit price car models. Following the increasing penetration rate, the overall demand quantity will increase accordingly, thus helping cut the LiDAR costs step by step and driving more applications (personal cars, self-driving cars and robots in unmanned factories, etc.)

For the time being, multiple car makers, including Audi, Benz, BMW, XPeng Motors and NIO, have launched the car models equipped with LiDAR. The self-driving car makers include Waymo and Cruise, et al. The industry covers logistics and taxi business. According to Yole's report (see the right figure), the automotive applications will be the largest source to drive the growth of the LiDAR market in the future, including ADAS and self-driving cars.



②Industrial structure

Overview of investments by domestic/foreign manufacturers in the field of compound semiconductor

By industry	Domestic manufacturer	Foreign manufacturer
Epitaxy	VPEC, IQE TAIWAN CORPORATION (IQE), and LandMark Optoelectronics Corporation, etc.	IQE, InteliEpi, Picogiga (Soitec) and Sumika, etc.
Foundry	WIN Semiconductors, Advanced Wireless Semiconductor, and Wavetek Microelectronics Corporation, etc.	GCS, San'an Optoelectronics Co., Ltd. (Xiamen) and Unicomcompound Semiconduct, etc.
IDM	Transcom	Skyworks, Qorvo and Broadcom, etc.

Among the compound semiconductors, GaAs is the applied to communications products most extensively, especially the RF module on the mobile phone, WiFi and key components of communication base stations. From the upstream Epitaxy, mid-stream Foundry and IDM, considerable capital are attracted and invested. Said table shows the investments by domestic/foreign manufacturers in the field of compound semiconductor.

2. Relations with industries upstream, mid-stream and downstream

The production process for a GaAs IC consists of crystal pulling (manufacturing of substrate), epitaxial growth, then production of IC, and finally packaging and testing. Then, a compound semiconductor IC is completed.

The major difference between compound semiconductors and elemental (silicon) semiconductors resides in that the epitaxial growth of compound semiconductors is more complicated and thereby forms the single epitaxial business, while the epitaxial growth steps for silicon are usually carried out in wafer fabs. During the epitaxial growth, certain materials will be put on the GaAs wafer, such as AlGaAs, InGaP, etc., subject to the different intended uses of the products, in order to meet the requirements for electrical characteristics of components from the customer end through doping and structural adjustment. Considering that the component characteristics are decided the epitaxial growth stage mostly, epitaxy forms a very important part of the supply chain, critical to the yield rate, characteristics and quality of the customers' products.

3. Product development trends and competition

① Product development trends

Microelectronic epi wafer

In order to deal with the requirements about product reliability and improved component integration functionality, the HBT technology has evolved from AlGaAs HBT to InGaP HBT. Similarly, PHEMT also evolved from PHEMT to E/D Mode PHEMT. For the time being, the new technology, BiFET/BiHEMT, combining HBT and PHEMT emerges in order to improve the integration of GaAs component circuits, reduce the spaces occupied by the circuit, increase functions, and simplify the component items in the customers' BOM to cut the costs of materials, manufacturing and packaging of finished goods, and also provide mobile communication device manufacturers with larger design spaces and flexibility and help save power consumption. The Company outperforms the others in the same industry in the field of such products. So far, the Company has implemented design-win from multiple customers.

In addition to GaAs, the Company is also striving to present the sample of GaN applied to communications products. Per the customers' need, the Company provides the epitaxy designs with different substrates, including GaN on SiC, GaN on Si and GaN on Sapphire, etc, which are under mass products after passing the certification by customers.

Optoelectronics epi wafer

In order to deal with the construction of 4G and 5G base stations, optical fiber networks and data centers, the Company's demand for PIN Diode has grown significantly. The PIN Diode refers to the materials for PIN Photo Detector, which is primarily applied to the receiving end in the optical fiber communications, where the received optical signals are restored to the electrical signals to complete the communications after the signals are computed and decoded through the network processor.

The Company continues to launch new products (new Photo Detector & APD) in response to the R&D planning and progress of the major customers' epitaxy structure and material choices, and also expands the optoelectronic product profile by launching the FP-LD and DFB-LD applied to the Transmitter, LD and PD applied to LiDAR sensing components, and VCSEL applied for High Power and High Speed.

② Competition status

Microelectronics

The Company's main product refers to the HBT epi wafer. Its foreign competitors include the UK-based company, IQE (which acquired the MOCVD department of Kopin in January 2013) and the Japan-based company, Hitachi Cable, primarily. Its domestic competitors include IQE TAIWAN CORPORATION (formerly a Taiwan subsidiary of the US-based company, Kopin and then consolidated into IQE Group through the IQE

M&A transaction).

Optoelectronics

The Company's optoelectronic products adopt MOCVD to produce epitaxial layers. The foreign competitors include the UK-based company, IQE, primarily. The domestic competitor is LandMark Optoelectronics Corporation.

(III) Technology and research and development summary

(1) Invested research costs each year for the last 5 years

Unit: NTD thousand

Year Item	2020	2021	2022	2023	2024
R&D expenses	299,346	281,661	358,013	427,489	388,693

(2) Successfully developed technologies or products

- | | |
|----------------------------------|---|
| ①4/5/6-inch AlGaAs HBT epi wafer | ⑥PIN Diode epi wafer |
| ②4/5/6-inch InGaP HBT epi wafer | ⑦Low-operating voltage HBT epi wafer |
| ③PHEMT epi wafer | ⑧6-inch BiHEMT epi wafer |
| ④VCSEL epi wafer | ⑨4/6-inch high-efficiency multi-junction solar cell epi wafer |
| ⑤780nm LD epi wafer | ⑩FP/DFB LD epi wafer |

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

(1) Short-term development plans

①Marketing plan

- Improve the strength of the Company's products in quality, cost and deliver period; increase the major customers' procurement from the Company and develop heavy-hitter customers at the same time; raise the Company's market share and publicity in the industry by thinking about provision of services to customers and also the assistance to improvement of customers' product competitiveness.
- Participate in the Design-in at the beginning of new product R&D at the customer end pro-actively to become the specifications maker, expand the gap with competitors, and continue to improve customers' loyalty with leading technology.
- Strengthen the relationship with customers with technical services to have in-depth knowledge about the production process at the customer end; help customers improve the yield rate and stability of the process to form a sound partnership with the customer end.

②Production and operating plan

A. Cost reduction

Execute the plan to reduce the procurement cost subject to the suppliers' characteristics; implement the concept of "Lean Production" to eliminate the waste potentially arising in the procedure; adjust the optimum production scheduling in response to changes in the order placed by customers; continue to analyze various costs, train colleagues to think about how to create the maximum output with limited resources in the routine operating activities to keep improving the work literacy; adjust the factory premises to be the most competitive cost structure transcending competitors, as the threshold that competitors are unlikely to reach.

B. Quality improvement

Intensify colleagues' awareness toward quality by virtue of continuing education and training; keep improving the quality level, in order to practice the strategy to develop

customers thoroughly with stable quality and build the competitive strengths of products by cutting the costs to be incurred by defective quality.

③R&D plan

Proactively participate in the R&D projects for improvement of materials and structure initiated at the customer end continuously in order to upgrade the component integration level and characteristics and reduce the costs; help customers shorten the time spent in R&D and strive for the design-win opportunities from the wireless communication industry for the customers' products with the partnership for the joint R&D.

Accelerate the R&D of new photoelectronic products and have them pass the certification by customers; strive for the business opportunities resulting from the booming development of optical communications, optical sensor industries and automotive LiDAR; create the operating revenue from photoelectronic products and growth of earnings; diversify the product portfolio and customer structure to disperse the business risk effectively.

④Financial Plan

Continue to improve the cost structure and increase the gross margin; cut various operating expenses; assess the foreign exchange risk; increase the turnover of various assets; strictly assess the effect of fund utilization and control cash outflows; accelerate the cash inflows accumulated from operating activities; improve the cash holdings and efficiency of asset utilization; insofar as the Company's normal operation and stable profit policy remain unaffected, cover the capital requirement with the cash inflow from operating activities as much as possible, in order to cut the funding cost and improve the profitability; review the adequacy of capital scale; increase the ROE. Strive for the feasibility of various R&D credits pro-actively to reduce tax and increase EPS.

(2) Long-term development plans

①Marketing strategies

A. Upgrading of the market share

Upgrade the market share of the main products, such as HBT, with the strengths in the product technology, quality, service, price and delivery period and in response to the market growth and upgrading of the Company's production capacity.

B. Enhancement of customer services

Interact with customers pro-actively and control the specifications, structure and materials of the customers' next generation products to shorten the time spent in launching new products.

②Production strategies

A. Utilize the sound production and marketing mechanism and production schedule to achieve the target for timely shipment.

B. Improvement of quality: ensure that the customers will be provided with excellent product quality, by keeping improve the production process and operations.

C. Cost reduction: periodic cost down of raw materials and supplies, continuous streamlining of work flows and improvement of jigs & fixtures, improve the production efficiency and reduce the labor cost; improve the facilities and availability of production equipment, and mitigate the occurrence of extraordinary circumstances and losses.

③Product development

A. Exercise the sound market and industrial analysis to select the new products with marketability as the ones to be developed.

B. Adequate allocation of resources to accumulate experience, control costs and development schedule effectively.

C. Continue to design and improve functions of MOCVD to satisfy the requirements for the new products' characteristics and mass production.

D. Develop the ability of self-certification to ensure that the quality of the new products satisfies the characteristics and specifications required by customers.

④ Business strategies

Continue to streamline the procedure, improve efficiency and quality/control cost of various operations.

⑤ Financial strategies

Continue to improve the cost structure and increase the gross margin; cut various operating expenses; assess the foreign exchange risk; increase the turnover of various assets; strictly assess the effect of fund utilization and control cash outflows; accelerate the cash inflows accumulated from operating activities; improve the cash holdings and efficiency of asset utilization; insofar as the Company's normal operation and stable profit policy remain unaffected, cover the capital requirement with the cash inflow from operating activities as much as possible, in order to cut the funding cost and improve the profitability; review the adequacy of capital scale; increase the ROE. Strive for the feasibility of various R&D credits proactively to reduce income tax and increase EPS.

⑥ HR Strategies

- A. Actively recruit technical talents and continue to improve employees' expertise, cost awareness and quality through education and training.
- B. Pro-actively train the middle and senior management in order to find the management talents required by business growth.
- C. Integrate the Company's strategies and goals, establish the performance-oriented enterprise culture and guide colleagues' engagement in line with the Company's development target.

II. Market and Production/Sales Overview

(I) Analysis on market

(1) Geographic areas where the main products are sold

Unit: NTD thousand; %

Year/Geographic Area	2023		2024	
	Sale amount	Percentage (%)	Sale amount	Percentage (%)
Taiwan	1,060,688	39.37%	974,492	30.06%
the USA	1,055,727	39.19%	1,347,886	41.59%
Others	577,689	21.44%	918,839	28.35%
Total	2,694,104	100.00%	3,241,217	100.00%

(2) Market share

The Company generates its operating revenue primarily from the sales of microelectronic products, for which the applicable terminal products refer to wireless communication components, namely the upstream materials of various consumer products. As the Company has strengths, such as outstanding technology, stable quality and competitive price, its market share has been increasing year by year. According to the financial forecast by the industry, the operating revenue generated by it from GaAs epi wafer applied to wireless communications has been ranked the top in 2021.

(3) Demand and supply conditions for the market in the future and the market's growth potential

The communication components based on GaAs are mainly applied to the power amplifiers, microwave switches and low noise amplifiers of the mobile communication devices including mobile phones, tablets, PCs and wearable devices. The market size is critical to the sales of wireless communications. The market size is subject to the

following two factors at the same time; therefore, the growth trend is clear and definite, as far as the long term is concerned:

- ①Evolving applications to new wireless communications products: The successive development of mobile phones, tablets, PCs, wearable devices, IoT, Internet of Vehicles, small-size base stations and other wireless communications products and applications thereto, makes the overall wireless communications market growth expectable.
- ②Evolution of wireless communications specifications: The wireless communications specifications develop from the lower rank, GSM, to the higher rank, WCDMA, LTE and 5G progressively. The WiFi specifications evolved from WiFi5 to WiFi6/6e and are going to evolve into WiFi7 in the future. The evolution of specifications drives the significant growth of wireless communication traffic and frequency ranges and thereby increases the complexity of RF and also the overall market size growth.

The applications of GaAs to optical components mean the VCSEL in the application of 3D sensing to consumer products and LiDAR. As driven by the application to IoT, the sensing components becomes more important:

- ①Application of 3D sensing to consumer products: 3D sensing has become one of the important specifications differentiating the high-rank Android mobile phone functions since 3D sensing has been introduced to Apple iPhoneX. Given the development of more and more AR applications and enhancement of the mobile phone camera focusing function, the phone's efficiency will become higher if it is equipped with 3D sensing.
- ②In-vehicle LiDAR: LiDAR has the advantages of, such as, high precision, high readability, long distance and rapid sensing; therefore, it has become one of the solutions applicable to multiple in-vehicle sensing methods. The car makers' upgrading of the ADAS and gradual lowering of the selling price of LiDAR is expected to be beneficial to the LiDAR market size growth.

(4) Competitive niche

①Self-developed technology

- A. Cost reduction: it is not necessary to pay royalties or technology transfer fees; therefore, the product costs may be reduced effectively.
- B. Shortened new product launch schedule: The Company researches and develops own products without the need of licensing or authorization from other companies. Therefore, the Company is able to control the schedule for the launch of new products effectively.

②Ability to research and develop new products

The abilities to research and develop new products and engage in mass production are identified as the two core abilities of the compound semiconductor epitaxy industry, primarily including:

- A. Sound market and industrial analysis: To select the new products with marketability as the ones to be developed.
- B. Adequate allocation of resources: To accumulate experience, control costs and development schedule effectively.
- C. Continue to design and improve functions of MOCVD to satisfy the requirements for the new products and mass production.
- D. Ability to perform new verification development

The time spent by the Company in R&D of new products and passing of certification by customers has been shortened much more than the others in the same industry. In 1999, the Company received the R&D fund for new leading products as subsidized by Ministry of Economic Affairs for its InGaP HBT. In 2000, the Company

received the fund for Technology Development Program for Enterprise subsidized by Ministry of Economic Affairs for its 850nm VCSEL. It has engaged in the mass production and shipping of its 780nm Laser Diode in 2000. In 2002, it received again the fund for Technology Development Program for Enterprise subsidized by Ministry of Economic Affairs for its “High-efficiency multi-junction InGaP/GaAs/Ge solar cells for stratospheric wireless communications platforms.” In 2007, it received the R&D fund for new leading products as subsidized by Ministry of Economic Affairs for its “High-efficiency concentrated multi-junction solar cell epi wafer.” In 2010, the Company was honored the “2010 Technology Results Innovation Award” by the Department of Industrial Technology, Ministry of Economic Affairs. Apparently, the Company’s ability to research and develop technologies has been well recognized.

③ Ability to engage in mass production

The ability to engage in mass production includes the knowledge about the characteristics of components and epitaxy process, machine parameters, control over operating workers’ stability and rapid verification of epitaxy quality.

The ability to engage in mass production is reflected subject to whether or not the products pass the certification by customers and whether the products are shipped steadily. Since 2000, the Company’s HBT has passed the certification by multiple customers (including the largest customer in the world). Apparently, the Company’s ability to engage in mass production has been well recognized.

④ The entry barrier of the industry is high, and the Company has gained advantages in qualifying certifications of major customers

The foundry service must be performed subject to the structure designated by customers. Technically, it is very hard to produce the epi wafer with the uniformity, reproducibility and electrical properties in which the concentration of doping satisfied the requirements. Besides, when certifying the potential suppliers, the customers need to invest time and fund and also spare their normal production capacity and bear the risk over disclosure of their confidential structures. Therefore, the cost spent in certifying one single potential supplier is very expensive. Once they decide 2~3 suppliers that may satisfy their requirements about quality, delivery period and ability to engage in mass production, they are not likely to continue investing considerable fund and time to certify any other suppliers manually. In other words, the high transfer costs to be spent by customers form the obstacle for the launch into the industry, and the ones that already launched into the industry successfully would be in the dominant position at first.

⑤ Equipped with cost competition advantages

Continue to reduce costs, remove all possible waste in the process of operations, continue to improve the yield rate without limitation without end, ensure the Company’s profitability and long-term competitiveness, and feed back to customers with its strength in costs, improve customers’ strengths in pricing, enter into the partnership that would create the win-win situation for both parties and build customer loyalty.

⑥ Provide quality technical services to customers

Work with customers to research and develop new products, help customers shorten the delivery period for new product development and work with customers closely to improve the yield rate of the process jointly.

(5) Positive and negative factors for future development

The Company’s positive factors include:

① Balanced development of product structure is able to prevent the business risk of one single product

The applications of compound semiconductor epitaxy products cover the

industries, such as wireless communications, optical fiber communications, optical sensing and optical display, of which the market size and growth rate are promising. The product lines include HBT, PHEMT, BiHEMT, GaN, Laser Diode, PIN Diode and VCSEL, etc. The Company has its development of product structures oriented toward the three major industries including wireless communications, optical fiber communications and optical sensing to avoid excessive concentration of operating revenue on a single product and also the business risk arising from the impact posed by the economic cycle of a single market.

②Broad market growth opportunities

As far as the Company is concerned, the market space is generated from the following two factors:

A. Demand derived from terminal products

The on-going growth of wireless communications, optical fiber communications and optical sensing derives the demand for the Company's HBT, PHEMT, BiHEMT, GaN, Laser Diode, PIN Diode and VCSEL, and other epi wafers. Particularly, following the emerging 5G mobile phones, compound semiconductors, in consideration of their characteristics, such as high frequency, high speed, low noise, better linearity, high efficacy and power and high temperature resistance, have considerable room for growth. Further, more and more the forward-looking applications, such as WiFi devices equipped with AI and 3D Sensing functions to create smart home, smart city and smart medical care, also derive the demand for the Company's products.

B. Formation of professional epitaxy foundry service

Presently, the foundries (e.g., WIN Semiconductors, Advanced Wireless Semiconductor, and Wavetek Microelectronics Corporation, etc.) have been well-established in Taiwan and are equipped with certain production capacity. We are the only company specialized in GaAs epitaxy with self-developed own technologies in Taiwan. Geographically, we are able to co-work with the downstream foundries easily and efficiently. It is expectable that Taiwan will become an important GaAs production base globally in the future.

③Clear strategic positioning to facilitate the development of long-term partnership with customers

The compound semiconductor epitaxy manufacturers may access the confidential information about the customers' structures in the process of certification and mass production, in order to output the epi wafer in line with the relevant requirements. Where these manufacturers integrate the downstream business engaged in process out of the strategic factors, the competitive relationship with customers arising directly therefor will disbenefit both parties' mutual cooperative relationship.

The Company defines itself as a professional epitaxy foundry and thereby help build the long-term reliable and cooperative relationship with customers. Then, it may secure a higher share of customers in the compound semiconductor industry which grows rapidly.

④Advantage in cost competition

For the time being, the Company's primary competitors in microelectronic products come from the UK, USA and Japan. The Company is based in Taiwan. According to the financial forecast published in the same industry, the Company's profitability is in the first place in the industry (in terms of Gross Margin, Operating Margin and Net Income). This helps the Company secure the strength in permanent cost reduction. Meanwhile, in response to the formation of foundries in Taiwan, this will also help transfer of Taiwan into an important global GaAs production base.

⑤Sufficient production capacity

The Company adopts the business strategies to continue upgrading its market share in the oligopoly industrial competition environment. Ahead of the others in the same industry, the Company has procured multiple MOCVD units in order to reserve the production capacity for customers as early as possible, satisfy the demand from the market and customers and upgrade its market share ahead of the others in the same industry.

⑥ Strong management team and quality corporate culture

The Company's management team and technical personnel consist of the elites specialized in compound semiconductors recruited domestically and overseas. Meanwhile, as trained under the corporate culture for "sharing," the team members are willing to learn from each other to speed up their growth, thus accelerating the schedule for R&D and launch of new products.

The Company's negative factors include:

① Insufficient talents

Compared to the silicon semiconductor, the commercial use of compound semiconductor has been developed successively in the recent years. Therefore, the related talents appear to be insufficient.

② Intensified industrial cycle

Due to the impact posed by various international factors recently, e.g. the Russia-Ukraine War, interest escalation by the USA, and the static corporate management in certain territories of the Mainland China as a result of the epidemic, the supply chain and transportation chain have been affected adversely too. As a result, the industrial cycle for terminal products is intensified and volatility expanded accordingly.

(6) Responsive measures

① Recruitment of professional talents

Recruit the related professional talents overseas to have them join the technology and business teams and also work closely with the related departments/institutes of local universities at the same time.

② Establishment of customer loyalty

Upgrade the percentage of sales of each product to individual customers with the strengths in the product quality, service, price, delivery period and production capacity; interact with customers proactively to control the specifications, structure and materials of the customers' next generation products and thus shorten the time spent in launching new products.

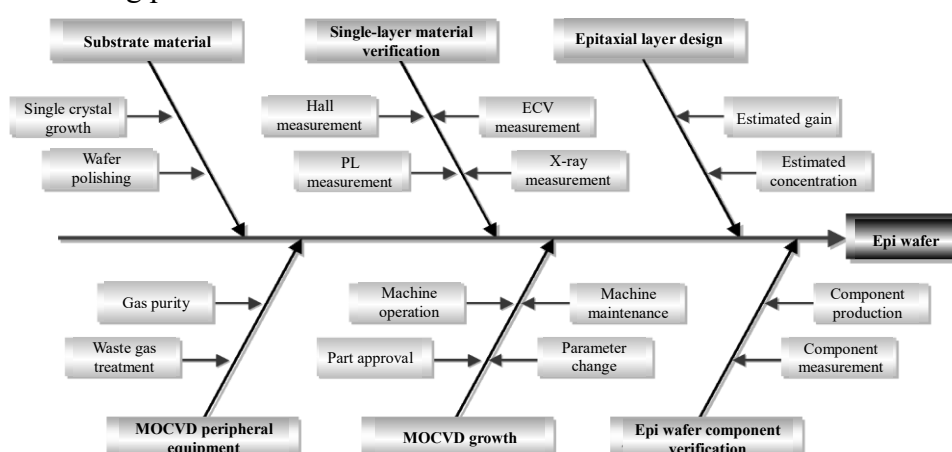
The Company may disperse its business risk effectively, mitigate the business volatility and remain invincible, only if it works with customers to join the technical R&D of the next generation product specifications, strives for the design-win opportunities in the specifications of terminal products, ensures that the Company's materials are applied to each popular mobile phone, tablet, wearable device or evolving mobile device series, adjusts the stable (no concentration of operating revenue on one or two customers only) customer structure and becomes the first largest supplier of various major customers.

(II) Important intended use and manufacturing processes for the main products

1. Important intended use of the main products

Product name	Product descriptions
Microelectronic epi wafer	Applicable to wireless communications (power amplifiers, mixers, gain amplifiers, frequency converter), satellite communication system, and GPS.
Optoelectronics epi wafer	Applicable to fiber communication Receiver and Transmitter and sensing components (3D sensing and LiDAR, etc.)

2. Manufacturing process



(III) Supply situation for the Company's major raw materials

Major raw materials	Major suppliers
Substrate	AXT, Freiburger, Sumitomo
Special gas and organic metal	Nippon Sanso Taiwan, Linde Taiwan Technologies, Cassen

The major raw materials are supplied in Japan, the USA, Germany and Taiwan. The supply condition is considered fair for the time being.

(IV) A list of any suppliers and clients in the most recent two years

1. Name of the suppliers accounting for 10 percent or more of the Company's total procurement amount in the most recent two years, the amounts bought from each and the percentage of total procurement accounted for by each.

Unit: NTD thousand

Name	2024			2023		
	Amount	To the annual net procurement amount (%)	Relationship with the issuer	Amount	To the annual net procurement amount (%)	Relationship with the issuer
Supplier 1	999,970	62.65%	None	864,445	68.94%	None
Supplier 2	291,402	18.26%	None	145,650	11.62%	None
Others	304,790	19.09%	None	243,786	19.44%	None
Net procurement amount	1,596,162	100.00%	—	1,253,881	100.00%	—

The Company's main raw materials include GaAs substrate, organic metals, precious metals and special gases. As the demand for AI related product increased, the production volume increased progressively in 2024; therefore, the net procurement increased by 27.30% in 2024 from 2023.

2. Name of the customers accounting for 10% or more of the Company's total sales amount in the most recent two years, the amounts sold to each and the percentage of total sales accounted for by each.

Unit: NTD thousand

Name	2024			2023		
	Amount	To the annual net sales amount (%)	Relationship with the issuer	Amount	To the annual net sales amount (%)	Relationship with the issuer
Customer 1	807,330	24.91%	None	648,200	24.06%	None
Customer 2	546,670	16.87%	None	620,743	23.04%	None
Customer 3	333,145	10.28%	None	112,613	4.18%	None
Customer 4	302,066	9.32%	None	320,346	11.89%	None
Others	1,252,006	38.62%	None	992,202	36.83%	None
Net sales amount	3,241,217	100.00%	—	2,694,104	100.00%	—

The Company identifies MOCVD as its core technology. The main products cover microwave communication products and photoelectronic products. The increase in operating revenue from optical communication of data centers was mainly due to the positive impacts of mobile phone inventory returning to normal level and the recovery of demands for mobile phones along with the business opportunities related to AI. Therefore, the net sales amount increased by 20.31% in 2024 from 2023.

III. Employees

Year		2023	2024	Up to the end of March 2025
Number of employees	Indirect	125	124	125
	Direct	173	169	168
	Total	298	293	293
Average age		37.8	39	39.2
Average service seniority		9.22	10.10	10.26
Academic background distribution ratio	PhD	2.01%	2.39%	2.39%
	Master	13.42%	12.63%	12.97%
	Bachelor	46.65%	48.80%	49.15%
	Senior high school	37.58%	35.84%	35.15%
	Below senior high school	0.34%	0.34%	0.34%

IV. Information on Environmental Protection Expense

The total amount of losses and dispositions suffered by the Company in the most recent year and up to the date of publication of the annual report due to environmental pollution incidents and future responsive measures and possible expenditure thereof:

1. In the most recent year and up to the date of publication of the annual report, the Company was fined NT\$100,000 due to the failure to complete the regular inspection and reporting of air pollution online audited by the Environmental Protection Bureau, Taoyuan City, and there was no subsequent improvement expense.
2. At the very beginning of the factory construction, the Company valued the investment in the establishment of pollution prevention equipment and also delegated the dedicated environmental protection unit and personnel pursuant to laws; applied for the permits for the establishment of pollution prevention facilities and emissions; emitted waste gas after

treating the same through valid prevention equipment at the factory premises; contracted qualified professional service providers to clean and process the waste on behalf of the Company and had its wastewater treatment plant at the factory premises treat waste (polluted) water and then emit the water after fulfilling the Industrial Park Sewage Control Standards of the Ministry of Economic Affairs. The Company has never suffered any dispute over pollution by the date of publication of the annual report.

3. The Company has obtained the environmental management system certification (ISO-14001:2002) in 2002, completed the inspection and review of the new version of ISO-14001:2015 in 2017, conducted third-party audits every year, and carried out the certificate renewal examination every three years. The latest third-party audit was conducted in 2024 (ISO-14001: 2015), and the certificate remains effective.
4. In 2013, the Company completed the 2012 greenhouse gas emissions verification (ISO-14064-1). In addition, certification and third-party verification are also completed annually. The latest verification for the new version of 2023 greenhouse gas verification (ISO-14064-1:2018) was completed in 2024. The third-party verification on 2024 greenhouse gas emissions was conducted in April 2025.
5. The Company obtained certificates for the Occupational Safety and Health Management System (OHSAS 18001) and the Taiwan Occupational Safety and Health Management System (TOSHMS) in 2009. In 2014, the Company obtained the five-year performance recognition for the Taiwan Occupational Health and Safety Management System from the Council of Labor Affairs. A third-party audit is conducted every year, and the renewal review is conducted every three years. In 2022, we completed the certification for the new version of the Occupational Health and Safety Management System (converted from the original OHSAS-18001/TOSHMS to ISO-45001:2018/CNS-45001:2018); the latest third-party audit was conducted in 2024, and the certificate remains effective.
6. Starting from April 2006, the Company's products sold to EU countries are compliant with RoHS.
7. In 2024, in response to the increasingly stringent regulations, for volatile organic compounds, the Company has invested in the replacement of the fixed pollution prevention and control facilities, in order to comply with the emission standards and to reduce pollution emissions.
8. According to the requirements posed by the Bureau of Energy, Ministry of Economic Affairs, the Company has conserved power by more than 1%, on average, from 2016 to 2024; the in-house energy-saving plans are formulated in response to energy conservation.
9. When using toxic and concerned chemical substances, the Company obtains relevant documents according to the regulatory requirements and also installs protection measures and responsive facilities and also performs maintenance periodically according to laws, in order to provide protection in any of emergency.
10. Future responsive measures: Continue to promote various pollution prevention, energy-conservation, climate change adaptation and ongoing improvement measures, and improve the performance of various pollution prevention facilities according to environmental protection laws and emission standards and based on the needs for the Company's products and production capacity.

V. Labor-Management Relations

- (I) List the Company's employee benefit plans, continuing education, training and retirement systems, the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests:

1. Employee benefit policy

- (1) The Company has established a comprehensive insurance system that covers labor insurance, employment insurance, occupational hazard insurance, national health

insurance, employee group insurance, and employer liability insurance, in order to provide comprehensive protection for employees and to ensure that employees can receive sufficient support and care in all circumstances.

- (2) The Company provides a competitive salary level and regularly reviews market salary surveys, in order to ensure that the salary level is in line with industry standards with fairness and reasonableness, thereby attracting and retaining outstanding talents.
- (3) According to the business operation status, the Company distributes performance bonuses, provides employee stock options, appropriates employee remuneration, and implements treasury stock transfer for employee subscription program. Since August 2015, the Company has implemented the employee shareholding trust services, and has also set up a monthly contribution plan where the Company and employees contribute an equal amount to in order to possess the Company's shares on a regular basis, thereby enhancing employees' sense of belonging and participation in the Company's development.
- (4) The Company has established the Employee Welfare Committee in accordance with the law, and employees elect the Employee Welfare Committee members through public election, in order to handle the planning and implementation of employee welfare. The Company also allocates benefit fund according to the regulations, in order to ensure that employees are able to receive comprehensive benefits.
- (5) The Company provides on-site medical physician and nurse consultation services according to the law, and has also set up an infirmary, breastfeeding room and parking spaces for pregnant women, in order to ensure the physical and mental health and welfare of employees and to provide convenient medical and support to breastfeeding female employees.
- (6) The Company provides a religious prayer place for employees to perform their religious obligations during breaks at work, such that employees may maintain their physical and mental balance, and the harmonious development of diverse cultures is promoted.
- (7) The Company provides employees with meals and parking spaces, in order to improve their convenience at work and quality of life.
- (8) The Company provides regular health examination and professional massage services to employees, in order to care the physical and mental health of employees, and to detect and prevent potential health issues as soon as possible.
- (9) Subsidies for childbirth, wedding and other occasions, as well as hospitalization allowances are offered. Furthermore, the Company also distributes bonuses or gift vouchers during the three major holidays and employees' birthdays. Domestic and overseas employee trips and departmental banquets are organized periodically to enrich employees' welfare and to enhance team cohesion.
- (10) The Company plans employee family insurance, and parents, spouses and children of employees may also be enrolled in the insurance. Employees can further apply for insurance for their family members at their own expense, in order to provide protection and care for all family members.

2. Employee training status

- (1) The Company has established a comprehensive "Employee Education and Training Procedure" to establish a job training system (including supervisor training, professional training and annual training) based on the management position and profession, and to implement individual job training, in order to assist employees to implement the organizational and personal career needs.
- (2) Comprehensive new employee training program is planned to help new employees to become familiar with the Company's corporate culture.

(3) Implementation of education and training in 2024:

A total of 282 sessions of employees' education and training were organized in 2024. There were a total of 4,506 trainees for employees' education & training in 2024. The employees' education & training hours were 18.25 hours per person in 2024.

(4) Education and training programs:

Category	Content
New employee orientation	The orientation training is arranged in accordance with the "Employee Education and Training Procedure (M0061)". The orientation courses include the Company's profile, work rules and social responsibility, product introduction, quality policy, general safety and health training, general hazard education and training, and other common courses.
Professional skill training	Job training system is established based on the organizational job duties and functions of each department. Personal job training is implemented based on the qualifications required for job duties, and training requirements, in order to assist the career development of employees. Professional quality auditors, process development technology personnel, regulatory certification personnel, and supplier auditors: trainings are organized according to the "Quality Audit Management Procedure", "Education and Training Procedure for Engineering Personnel", "Compliance Requirements", "Environmental Safety and Health Organization and Responsibility Management Procedure (M0094)" and "Supplier Management Procedure". The training courses for medium and senior supervisors in 2024 included the "Departmental successor planning, supervisor and departmental communication skills and performance interviews", etc. The Company organizes 4 sessions of annual training, and the total number of trainees was 101 persons, with the total training hours of 575 hours.
Annual education and training	At the end of the year, each department submits the training demands according to the review of the organization formation, expectations and requirements of the department staff. In addition, such demands are then summarized into the "Annual Training Plan & Implementation Table". To strengthen the promotion of human rights policy, the training in 2024 not only focused on general knowledge, but also "general knowledge of the Act of Gender Equality in Employment, unlawful infringement of the general knowledge at the workplace, and promotion of confidentiality awareness", etc. The Company organizes 56 sessions of annual training, and the total number of trainees was 2,180 persons, with the total training hours of 2,064 hours. In the future, the Company will continue to pay attention to human rights protection issues and promote relevant education and training. The goal is to enhance the awareness of human rights protection of employees, and to reduce the probability of occurrence of related risks.

3. Employee rights and interests protection measures

- (1) The formulation of and amendments to the Company's "Work Rules" are approved by the labor-management meeting and set to the Taoyuan City Government for approval, and then are announced to all employees as their professional code of conduct.
- (2) Through the establishment of employee suggestion boxes, internal information announcements and regular labor-management meetings, along with other diversified two-way communication channels, we enhance and optimize workplace

harmony and ensure employees' rights and interests

- (3) We respect employees' freedom of religious belief, and provide adequate places of religious worship, in order to allow employees to perform their religious obligations during breaks at work, thereby maintaining physical and mental balance, and promoting diverse culture and harmonious development.
- (4) The Company is committed to maintaining its staff's human rights, providing employees with a friendly workplace and adopting the principles and requirements in line with the RBA Code of Conduct. Meanwhile, the Company strictly complies with the laws and regulations applicable in the countries/territories where the Company's factory premises are operating, and treats and respects all staff with dignity. In addition to the internal "CSR Management Manual (M0133)" as the code of conduct for the Company and all employees, relevant systems and practices are regularly reviewed and assessed for continuous improvement. The Chairman has signed the "Social Responsibility Policy" and disclosed it on the Company's website.
- (5) When engaging in any business activities, the Company's employees shall comply with the ethical conduct requirements under the "Employee Code of Conduct," "Ethical Corporate Management Best-Practice Principles" and "Procedures for Ethical Management and Guidelines for Conduct," in order to maintain the Company's reputation and to win the respect and trust from customers, suppliers, and other people in various sectors.

4. Retirement system planning

- (1) The Company formulates its "Work Rules" in accordance with the Labor Standards Act, and establishes the "Labor Pension Supervisory Committee" to supervise the contribution of pension reserve periodically and take charge of the review and approval of applications for retirement.
- (2) The Company allocates the pension reserve for foreign employees in accordance with the Labor Standards Act on a monthly basis, and also retains actuary to calculate the employees' benefits and to issue an actuarial report on employees' benefits. The Company also appropriates fund to the exclusive account of the Labor Pension Supervisory Committee according to the regulations on a monthly basis.
- (3) Since July 1, 2005, in response to the Labor Pension Act implemented by the government (hereinafter referred to as the "new system"), the Company has contributed the required amount to the exclusive retirement account maintained at the Bureau of Labor Insurance on a monthly basis, for the employees who chose to apply the new system.
- (4) The Company applies the following requirements pursuant to the Labor Pension Act:
 - A. Voluntary retirement (according to Article 53 of the Labor Standards Act)

When an employee is subject to any one of the following conditions, he or she may apply for retirement voluntarily:

 - I. Where the employee attains the age of fifty-five and has worked for fifteen years.
 - II. Where the employee has worked for more than twenty-five years.
 - III. Where the employee attains the age of sixty and has worked for ten years.
 - B. Forced retirement (according to Article 54 of the Labor Standards Act)

The Company shall not force an employee to retire unless any of the following situations has occurred:

 - I. Where the employee attains the age of sixty-five.
 - II. Where the employee is unable to perform his/her duties due to disability.

The retirement age specified in Subparagraph 1 of the preceding paragraph may be postponed through mutual agreement between the employer and the worker. A business entity may request the central competent authority to adjust the retirement age prescribed in Subparagraph 1 of the preceding paragraph if the specific job entails risk, requires substantial physical strength, or otherwise of a special nature; provided, however, that the retirement age shall not be reduced below fifty-five.

C. Criteria for payment of pensions

The criteria for payment of employee pensions shall be as follows:

- I. For the seniority applicable to the pension system under the Labor Standards Act (old system), the criteria for payment of pensions referred to in Article 55 of the same Act shall apply. Notwithstanding, as set forth in Subparagraph 2 of Paragraph 1 of Article 54, an additional 20% on top of the amount calculated according to the preceding subparagraph shall be given to the employees forced to retire due to disability incurred from the execution of their duties.
- II. For the employee applicable to the pension system under the Labor Pension Act (new system), the Company contributes 6% of his/her wage to his personal retirement account on a monthly basis.

D. Payment of pensions

The Company shall pay the employees the pensions specified in the Labor Standards Act within 30 days from the day of the employees' retirement.

- (5) The Company has established the "Visual Photonics Epitaxy Co., Ltd. Employee Stock Ownership Trust" to seek benefits for the colleagues and help them deposit savings permanently and accumulated wealth, so that their retirement life may be secured. Meanwhile, the purpose of its establishment to enhance the employees' involvement in the Company and to allow the employees to possess the Company's stocks, in order to share the Company's business outcome altogether.
- (II) List any losses suffered by the Company in the most recent year and up to the date of publication of the annual report due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclose an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken, provided that if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: none.

VI. Information and Communication Security Management:

- (I) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for information and communication security management.
 1. Cyber security risk management framework: The Company establishes the "Information Security Management Team" to promote the information security management operations, distinguish the functions of the "chief information security supervisor, information security management personnel and information security reporting window," dedicated to setting forth the information security policy and targets, supervise analysis, processing, reporting and record of information security incidents (by type/level), execute the stimulated drill for information security incident regularly each year, test the safety of the "information infrastructure and vulnerability scanning for information security," and record and report said audit results honestly; reports are made to the Board of Directors regularly each year.

2. Cyber securities policy: Strengthen the information security management to ensure the confidentiality, completeness and availability of information assets, prevent the Company from intentional or accidental threats internally and externally and control the Company's business secrets and undisclosed confidential information by maintaining the information business continuity environment to ensure the interests of the Company, customers and suppliers.
3. Specific management plans:
 - (1) Establish the internal control mechanism including the multi-layer information security defensive framework (firewall, intrusion detection and anti-virus system) and execute (vulnerability detection and scanning, and information security bug fixing), in accordance with the information security and network risk prevention policies.
 - (2) Through social engineering drills and promotion of information security regularly (e.g., social attack methods and sharing of guiding cases in the industry), enhance the employees' awareness towards information security and mitigate the harm caused by information security risks.
 - (3) Preserve the (mails and printouts) track records, maintain the track records, inquiries, reports and warnings about access to files in the key personnel's computers and provide the routine audit or post-survey on suspicious personnel and incidents.
 - (4) Join the "Information Security Joint Defense Organization" to share real-time information security intelligence, and designate an information security unit to handle collection, verification and setting adjustment, thereby improving the overall information security response capacity.
4. Resources invested in information and communication security management:
 - (1) Established a dedicated information security unit with dedicated information security supervisors and information security personnel to regularly examine whether the information security policies are compliant with the requirements.
 - (2) The information security personnel or the external professional supplier engaged regularly executes the system vulnerability screening, social engineering exercises, or penetration tests four times a year.
 - (3) Execute the risk assessment for the "upgraded network safety equipment" two times a year to mitigate the infection of malware and attacks.
 - (4) Invest corresponding resources each year to maintain the operation continuity plan and exercises of the system to avoid operation interruption caused by external attacks.
- (II) List any losses suffered by the Company in the most recent year and up to the date of publication of the annual report publication due to significant cyber security incidents, the possible impacts therefrom and measures being or to be taken, provided that if a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: No significant information security incident posing effects to the Company's operations has arisen in the most recent year and up to the date of publication of the annual report.

VII. Important contracts: The contracting parties, major content, restrictive clauses and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report or expired in the most recent fiscal year: None.

Chapter V. Review and Analysis of Financial Status and Financial Performance and Risk Management

I. Financial Status

Comparison and Analysis of Financial Position

Unit: NTD thousand

Item \ Year	2024	2023	Difference	
			Amount	%
Current assets	2,283,506	2,045,422	238,084	11.64%
Property, plant and	2,261,730	2,490,113	(228,383)	(9.17)%
Other assets	29,557	34,778	(5,221)	(15.01)%
Intangible assets	8,134	7,387	747	10.11%
Total assets	4,582,927	4,577,700	5,227	0.11%
Current liabilities	746,700	799,180	(52,480)	(6.57)%
Non-current liabilities	506,885	709,179	(202,294)	(28.53)%
Total liabilities	1,253,585	1,508,359	(254,774)	(16.89)%
Capital stock	1,849,059	1,849,059	0	0.00%
Capital surplus	16,736	16,736	0	0.00%
Retained earnings	1,505,862	1,241,686	264,176	21.28%
Other equity interests	(42,315)	(38,140)	(4,175)	10.95%
Total shareholders'	3,329,342	3,069,341	260,001	8.47%
Analysis on the changes (%): The decrease in non-current liabilities is mainly due to the decrease in long-term borrowings. The increase in retained earnings is primarily a result of the increase in the current net income.				

II. Financial Performance

(I) Main reasons for any material change in operating revenues, operating income or income before tax during the past 2 fiscal years

Unit: NTD thousand

	2024	2023	Increase (decrease)	Variance (%)
Operating revenue, net	3,241,217	2,694,104	547,113	20.31%
Operating costs	1,962,253	1,585,190	377,063	23.79%
Gross profit	1,278,964	1,108,914	170,050	15.33%
Operating expenses	557,750	566,845	(9,095)	(1.60)%
Operating income	721,214	542,069	179,145	33.05%
Non-operating income	96,460	(347)	96,807	(27,898.27)%
Net income before tax	817,674	541,722	275,952	50.94%
Analysis on the changes (%): The increase in operating revenue, net is primarily a result of the increase in customers' demand. The increase in operating costs is primarily a result of the operating revenue growth. The increase in operating income is primarily a result of the increase in gross profit and adequate control over operating expenses. The non-operating income and expenditure are generated mainly due to the increase in interest revenue and exchange gains.				

(II) Sales volume forecast and the basis therefor, and the effect upon the Company's financial operations as well as measures to be taken in response:

Please refer to Chapter I. Letter to Shareholders of the annual report.

III. Cash Flow

1. Analysis on changes in cash flow

Unit: NTD thousand

Cash balance at the beginning of the period	Net cash flow from operating activities throughout the year	Cash (outflow) inflow throughout the year	Cash surplus (deficit)	Corrective measures for cash deficit	
				Investing plan	Financing plan
825,831	1,085,816	350,001	1,175,832	—	—
Remarks: Operating activities: the Company's fair profit results in the abundant net cash inflow from operating activities. Investing activities: The net cash outflow from investing activities was NT\$46,717, mainly due to the acquisition of equipment and plant facilities. Financing activities: The net cash outflow from financing activities was NT\$710,683, mainly due to the distribution of cash dividends and repayment of long-term borrowings.					

2. Corrective measures to be taken in response to illiquidity

The Company is operating well with sufficient cash inflow. Therefore, there is no concern about illiquidity.

3. Liquidity analysis for the coming year

Unit: NTD thousand

Cash balance at the beginning of the period	Projected net cash flow from operating activities for the year	Projected cash flow for the year	Projected cash balance (deficit)	Corrective measures against insufficient cash position	
(1)	(2)	(3)	(1)+(3)	Investing plan	Wealth management plan
1,175,832	1,100,000	(100,000)	1,075,832	-	-

Note: The projected net cash inflow from operating activities will be able to cover the acquisition of machine & equipment and distribution of cash dividends.

IV. Effect upon financial operations posed by any major capital expenditures during the most recent fiscal year: no material effect has been posed by the Company's capital expenditures upon financial operations.

V. Investment Policy for the Most Recent Year, Main Causes of Profits or Losses, Improvement Plans and Investment Plans for the Next Year:

(I) Reinvestment Policy for the Most Recent Fiscal Year, Main Reasons for Profits/Losses Generated Thereby, Plan for Improving Re-investment Profitability: none.

(II) Investment Plans for the Coming Year: none.

VI. Risk Analysis and Assessment for the Most Recent Fiscal Year and as of the Date of Publication of the Annual Report:

- (I) The effect upon the Company's profits (losses) posed by interest and exchange rate fluctuations and changes in the inflation rate and response measures to be taken in the future.

1. The effect upon the Company's profits (losses) posed by interest fluctuations in the most recent year and response measures to be taken in the future.

- (1) Effect upon the Company's profits (losses) posed by interest fluctuations

Unit: NTD thousand

Item	2024	2023	Difference	
			Amount	%
Interest revenue	24,958	15,576	9,382	60.23%
Interest expenses	11,347	13,140	(1,793)	(13.65)%
Interest revenue and expense, net	13,611	2,436	11,175	458.74%
Exchange gain or loss, net	73,161	(3,501)	76,662	(2189.72)%

The interest revenue of the current year increased by NT\$9,382 thousand, mainly due to the increase in the amount and interest rate of the USD time deposits.

- (2) Concrete response measures to be taken by the Company against interest fluctuations

The Company's short-term and long-term loans refer to the debts subject to floating interest rate. Therefore, the effective interest rate on the short-term and long-term loans will vary depending on the market interest rate fluctuations. In the future, the Company will utilize its own capital to reduce the financial costs and debt ratio. In addition, the Company's financial status is stable, and there is no concern on the credit extension records and rating. Accordingly, the Company will continue to maintain close relationship with banks and to collect relevant financial information, in order to understand the interest rate trend and to gain most preferable loan interest rate.

2. Effect upon the Company's profits (losses) posed by foreign exchange rate fluctuations in the most recent year, and response measures to be taken in the future.

- (1) Effect upon the Company's profits (losses) posed by foreign exchange rate fluctuations

The Company's products are all quoted in USD and payments are also mainly collected in USD. The major raw materials adopted by the Company are primarily imported from foreign countries. The imported/exported raw materials and suppliers are mostly paid in USD. Therefore, the foreign exchange rate fluctuations in the exchange of NTD for USD pose considerable effects on the Company's operating revenue and profit.

- (2) Concrete response measures to be taken by the Company against foreign exchange rate fluctuations

The Company's main purchases and sales are denominated in USD, and as a result of regular purchases and sales offsetting, a certain level of natural hedging can be achieved, which is able to mitigate the impact of exchange rate fluctuations on the Company's operating results. The Company has set up dedicated personnel to collect exchange rate trends and international market information, in order to monitor exchange rate changes. Sales Department adopts the uniform currency type as much as possible and the foreign exchange rate fluctuations is also considered during the product quotation process, in order to reflect the cost and help adjust the selling price.

in a timely manner.

3. Effect upon the Company's profits (losses) posed by inflation in the most recent year, and response measures to be taken in the future: The Company doesn't think that the inflation or deflation has posed any material impact to the operations of the Company, customers and suppliers by the date of publication of the annual report. Notwithstanding, in consideration of the uncertainty in the global economic outlook, it is impossible for the Company to guarantee whether the future inflation or deflation will change significantly and thereby pose material adverse effects to the Company's operating results.
- (II) The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements and guarantees and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future: The Company never engages in any high-risk or highly leveraged investments. In order to control the risk over financial transactions, the Company adopts the internal management regulations and operating procedures oriented toward the robust finance and operations, in accordance with the competent authority's relevant laws and regulations. These management regulations include the "Procedures for Acquisitions or Disposal of Assets," "Procedures for Derivatives Trading," "Operating Procedures for Loaning of Funds to Others" and "Operating Procedures for Making Endorsements/Guarantees."
- (III) Future R&D projects and expected investment in R&D budget: For the R&D plans of the current year, please refer to Four. Operation Overview of the Annual Report for details.
- (IV) Effect on the Company's financial operations posed by important policies adopted and changes in the legal environment at home and abroad and measures to be taken in response: no effect has been posed by the important policies adopted and changes in the legal environment at home and abroad to the Company's financial operations in the most recent year and up to the date of publication of the annual report. In the future, the Company will access related information from time to time, and research and prepare necessary responsive measures in a timely manner, in order to satisfy the Company's operating needs.
- (V) Effect on the Company's financial operations by changes in science and technology (including cyber security risks) as well as industrial change and measures to be taken in response:

The Company engages in the upstream industry for compound semiconductors. The largest technical risk to be dealt with by the Company resides in that the other materials are being applied to the major fields to replace compound semiconductors, for the time being. Based on the information currently known, there is no such risk. Nevertheless, as there will be more new applications for various products, and for the products of microelectronics, the Company will work with the customers to develop the next generation of product specifications and technologies at the early stage of research and development, in order to ensure that the materials are used in various mobile devices and infrastructure. At the same time, we will also improve the material characteristics, yield rate, ensure product quality, and continue to reduce costs to maintain long-term competitiveness. We will also establish partnerships with customers to strive to become the No. 1 supplier of major customers, in order to diversify our operational risks. For the optoelectronic products, the development strategy is to expand the customer base, to accelerate the research and development of new products, to obtain customer certifications, and to increase the product and customer base, in order to create revenue and achieve profit growth. In addition, with the positive impact of the business opportunities of AI, the Company will seize the development opportunities of data centers and sensing components in consumer electronics and automotive light penetration rate improvement, accelerate the research and development, certification and mass production of new InP and

GaAs product applications, thereby improving the mass production yield rate and expanding the production capacity. In the face of the challenges of digital transformation and prospective technology, the Company will maintain an open attitude, introduce resources in a timely manner, and work closely with existing and potential customers to make good use of the R&D experience accumulated over the years, in order to grasp the characteristics of materials and mass production capabilities, and to improve the quality and cost awareness, such that a high competitive barrier can be established. In view of the increasing importance of cyber security in recent years, the Company will continue to monitor information security-related issues along with the establishment of cyber security policies as the highest guiding principle, and will also continue to strengthen cyber security framework and employee information security awareness training, in order to ensure the normal operation of all systems of the Company.

1. Continue to share related information security intelligence of TWCERT/C and improve the overall information security response ability.
2. Adopt specific improvement measures, including enhancement of the information security defensive ability (periodically: vulnerability detection and scanning, information security bug fixing, and upgrade of information security equipment).
3. Implement employee information security awareness training, protect customer privacy and data security, in order to prevent the risk of information disclosure.

No material information security incidents affecting the Company's operations in 2024.

In terms of industrial changes, the supply chain has recovered during the post-pandemic era; however, due to the factors of the Russo-Ukrainian war, Israel-Palestinian war, and Sino-US AI chip war, the caused market supply and demand fluctuations. The Company will continue to improve its core competitiveness, to strengthen product quality, to implement cost control, delivery efficiency and new product development. Through the continuous cultivation of customer relationships and the R&D strength to enhance the advantages of customer product features, we will become the customer's best partner in the collaborative development of the next generation of products. In addition, we aim to secure our position as customers' priority choice in the market, in order maintain our No. 1 position among the microwave communication GaAs LED crystal fabs in the world.

- (VI) The impact of changes in the corporate image on corporate crisis management and countermeasures: Since its establishment, the Company has been actively reinforcing its internal business management to provide professional services and expand businesses with a favorable corporate image continuously. It maintains healthy interactions with customers, suppliers and banks at all times to gain their maximum trust and support to the Company. Therefore, in the most recent year and as of the publication date of the annual report, there were no risks affecting the Company's corporate image.
- (VII) Expected benefits and possible risks associated with any mergers and acquisitions, and measures to be taken in response: none.
- (VIII) Expected benefits and possible risks associated with any plant expansion and measures to be taken in response: The plant expansion project is expected to enable the Company to improve its production capacity to meet the market demand, improve its operating revenue and profit and expand its market share eventually. In order to deal with the future market demand, the Company establishes a set of forecast and assessment systems to evaluate the effect to be posed by the expansion or reduction of the production capacity. When the production capacity reaches the economies of scale and market share is increased, the production cost is reduced significantly. The Company's production capacity expansion has followed thorough capital expenditure planning, in order to optimize the capital utilization while the Company is striving to satisfy customers' needs.
- (IX) Risks associated with the concentration of purchasing or sales operations and measures to

be taken in response: The compound semiconductor industry which the Company is engaged refers to an oligopoly industry where the upstream and downstream supply chains consist of only few participants. Therefore, concentration of purchasing or sales operations is identified as one of the industry's characteristics. Under such circumstance, the Company has used its best effort to disperse the risk over concentration of purchasing or sales operations.

Meanwhile, the Company's existing suppliers of major raw materials that have passed certification will be asked to prepare the inventory at a specific quantity for the Company. Therefore, there is no likelihood of shortage or outage of materials.

- (X) Effects upon and risks to the Company in the event that a major quantity of shares belonging to a director, supervisor or shareholder holding greater than a 10% stake in the Company has been transferred or has otherwise changed hands and measures to be taken in response: By the date of publication of the annual report, the Company didn't suffer a majority quantity of shares belonging to any director transferred or changed hands. Meanwhile, none of the Company's shareholders holds greater than a 10% stake in the Company.
- (XI) Effects upon and risks to the Company associated with any change in management power and measures to be taken in response: there was no material change in the Company's management power in 2024.
- (XII) In the case of litigation case or non-contentious case, specify the names of the directors, supervisors, the President, the de facto responsible person, shareholders each holding more than 10% of company shares, and subsidiaries with final ruling made or still in major legal proceedings, non-contentious matters, or administrative disputes, and where the result thereof may significantly affect shareholders' equity or stock price, disclose the fact of the contentions, the amount involved, the commencement date of the proceedings, the major litigants in the proceedings, and the status as of the publication date of this report: None.
- (XIII) Other important risks, and measures to be taken in response: None.

VII. Other Important Matters: none.

Chapter VI. Special Disclosure

- I. Information on the Affiliates: None.**
- II. Private Placement of Securities During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report. The Date of Approval and Amount Approved by the Shareholders' Meeting or the Board Of Directors, the Basis and Reasonableness of the Price Set, the Method of Selection of Specific Parties, the Reasons for Necessity for the Private Placement, Parties Targeted by the Private Placement, Criteria, Number of Securities Subscribed for, Relations with the Company, Participation in the Operations of the Company, the Actual Subscription (or Conversion) Price, the Difference Between the Actual Subscription (or Conversion) Price and the Reference Price, the Impact of the Private Placement on Shareholders' Rights and Interests, the Use of Funds from Private Placement from the Time When Payments of Shares Are Fully Received Until the Completion of the Fund Use Plan, Plan Execution Progress, and Effect of the Plan Shall be Disclosed: None.**
- III. Other Supplementary Information: None.**
- IV. Situations Listed in Article 36, Paragraph 3, Sub-paragraph 2 of the Securities and Exchange Act Which Might Materially Affect Shareholders' Equity or the Price of the Company's Securities Occurring During the Most Recent Fiscal Year or During the Current Fiscal Year up to the Date of Publication of the Annual Report: None.**

Visual Photonics Epitaxy Co., Ltd.

Person in Charge: Chen, Chien-Liang

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